

NATION'S BUSINESS

NOVEMBER • 1932



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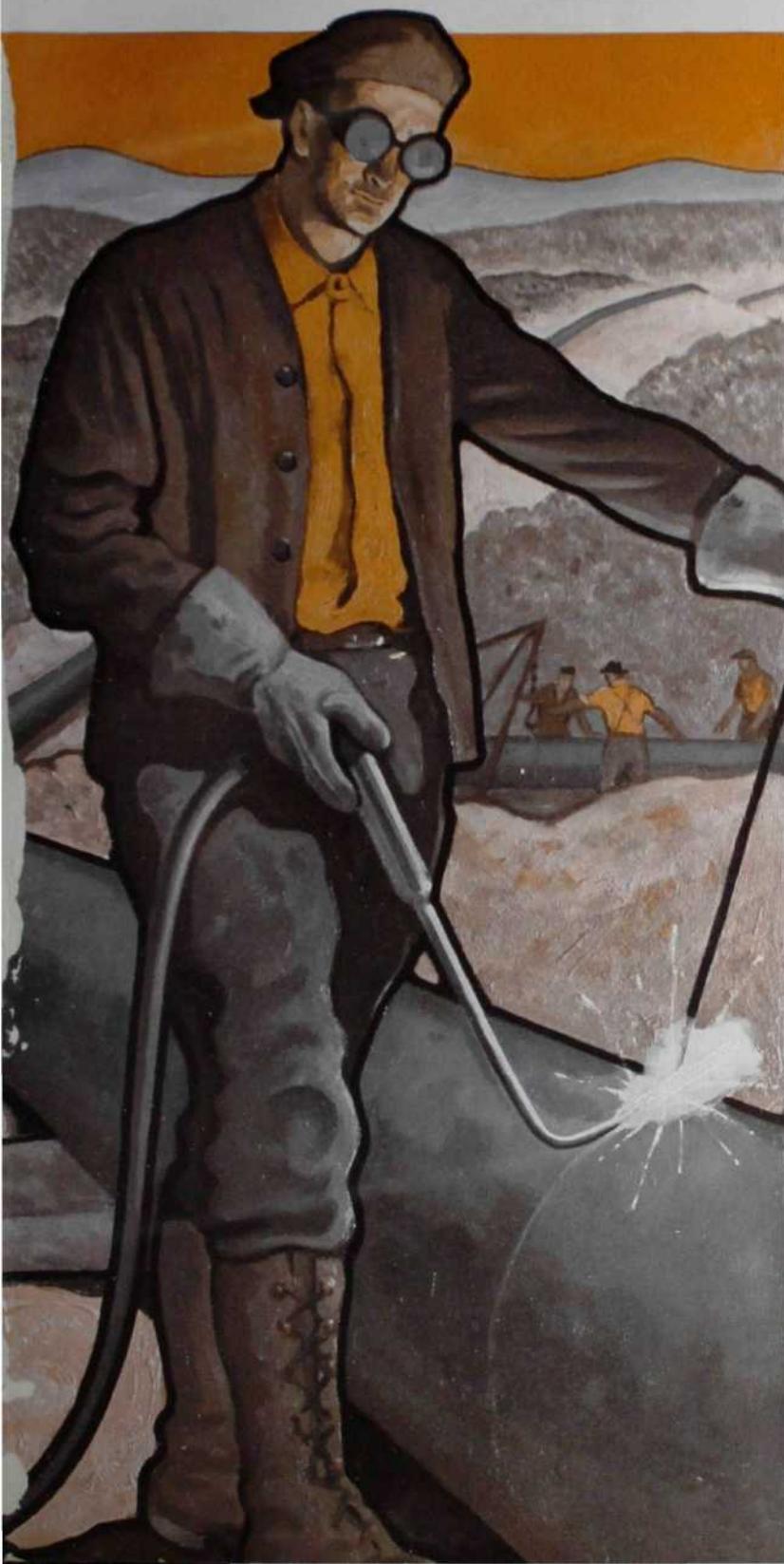
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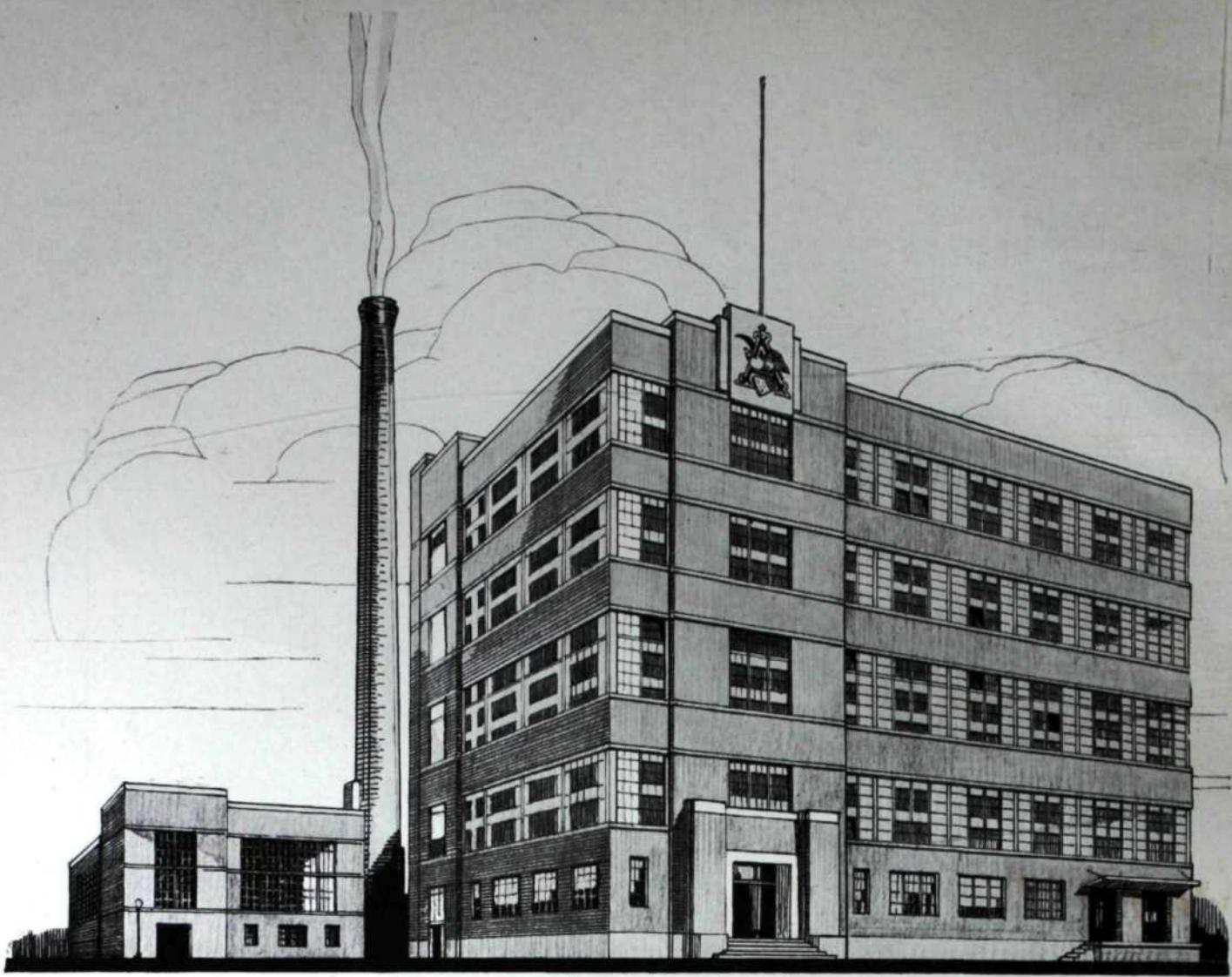
Unemployment

Making reduced pay rolls do extra duty



PUBLISHED BY THE
U. S. CHAMBER OF COMMERCE
MERLE THORPE, Editor





A YEAST PLANT *for* **ANHEUSER-BUSCH**

Anheuser-Busch, Incorporated, employed Stone & Webster Engineering Corporation to design and build its recently completed yeast manufacturing plant at Old Bridge, New Jersey. Special process engineering peculiar to the industry was taken care of by the client's engineering department. This plant embodies every latest device for assuring purity of product and efficiency of operation.

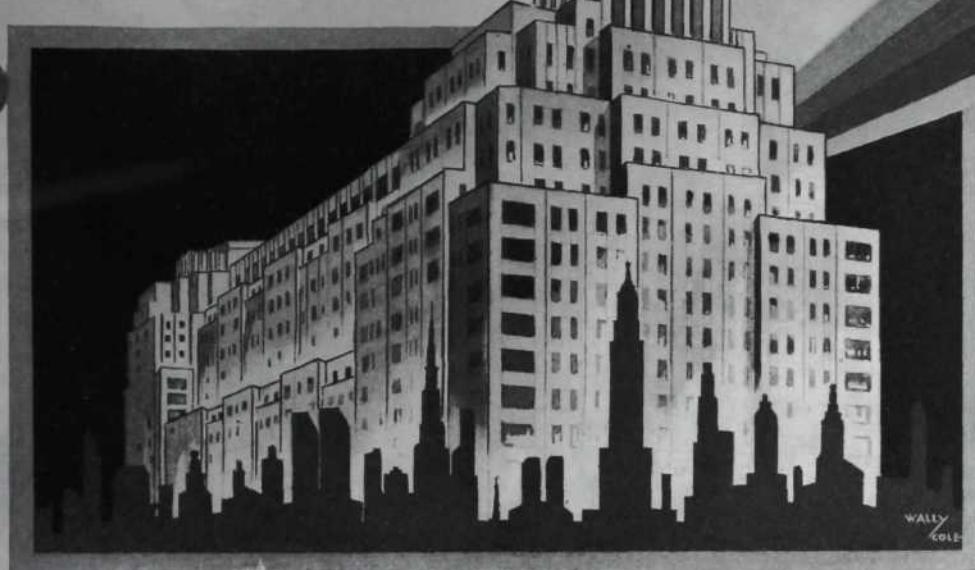
Our broad experience in working for manufacturing concerns of wide diversity is available to you for any problems of design and construction as well as report and appraisal work.

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ENGINEERING CORPORATION

A SUBSIDIARY *of* STONE & WEBSTER, INC.

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The Building that offers perfect accommodation for every phase of business administration, manufacturing, sales, display, packing, shipping, and local distribution



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Aves., 15th to 16th Streets, Manhattan

A building dedicated to the promotion of industry through efficiency of mechanical equipment, convenience of location and practicability of design.

All factors vital to the economical administration of business have evolved as the fruit of years of research and advancing knowledge of merchandise handling, demonstration, sales and executive problems.

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EDISON-DICK
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CHICAGO

To Men Who Want to Be WELL OFF by 1937

THIS is a personal message to the man who wants to win a secure place for himself in the next five years.

It is a message to the man who feels that he should be earning several thousand dollars more a year, but simply lacks the confidence necessary to command one of the bigger places in business.

Business conditions have radically changed in the last few years. The old rules no longer work. There is a whole new set of rules to be mastered. New influences are at work everywhere. There is a new sales strategy; there are new production methods, a new export situation, new methods of determining security prices, a wave toward bigger consolidations—in short, a new Era of Business.

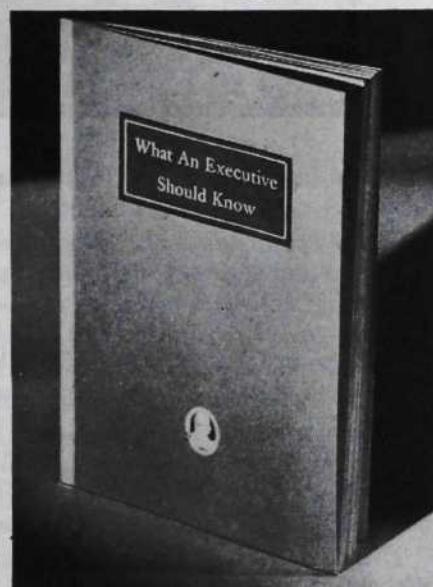
Systems may crack in times like these, but individuals can go ahead just the same.

Many men are finding the answer to their problems in the Alexander Hamilton Institute's new Service for business men. Representing the condensed experience of the best business brains in the country, this new Service is the most comprehensive, tangible help available to ex-

ecutives in meeting the difficult business conditions of today.

Among the business leaders who have contributed to this new Service are such prominent executives as: Alfred P. Sloan, Jr., Bruce Barton, Dr. Julius Klein, Hon. Will H. Hays, and many others equally famous.

Can any ambitious man fail to get something of value from contact with minds like these? Here are a few examples, selected from many hundreds, showing how this organized knowledge is translated into added earning power:



This booklet is for men who want to enter the highest-paid branch of business

CASE 1. Works Engineer, salary \$6,000; now Vice-president and General Manager, salary \$18,000.

CASE 2. Local Manager at \$5,200; now Regional Manager, salary \$15,000.

CASE 3. Production Manager, salary \$6,000; now President, salary \$21,600.

We invite you to send for the facts in an interesting booklet called "What an Executive Should Know." It is a book that should be read by every man who expects to win a prominent place for himself in the next few years. It is well worth a half hour of your time.

The book will be sent you by mail, without charge, if you will simply mail the coupon.

To the Alexander Hamilton Institute, 682 Astor Place, New York City. (In Canada, address Alexander Hamilton Institute, Ltd., C. P. R. Bldg., Toronto.)

Send me "What an Executive Should Know," which I may keep without charge.

Name

Business Position.....Age.....

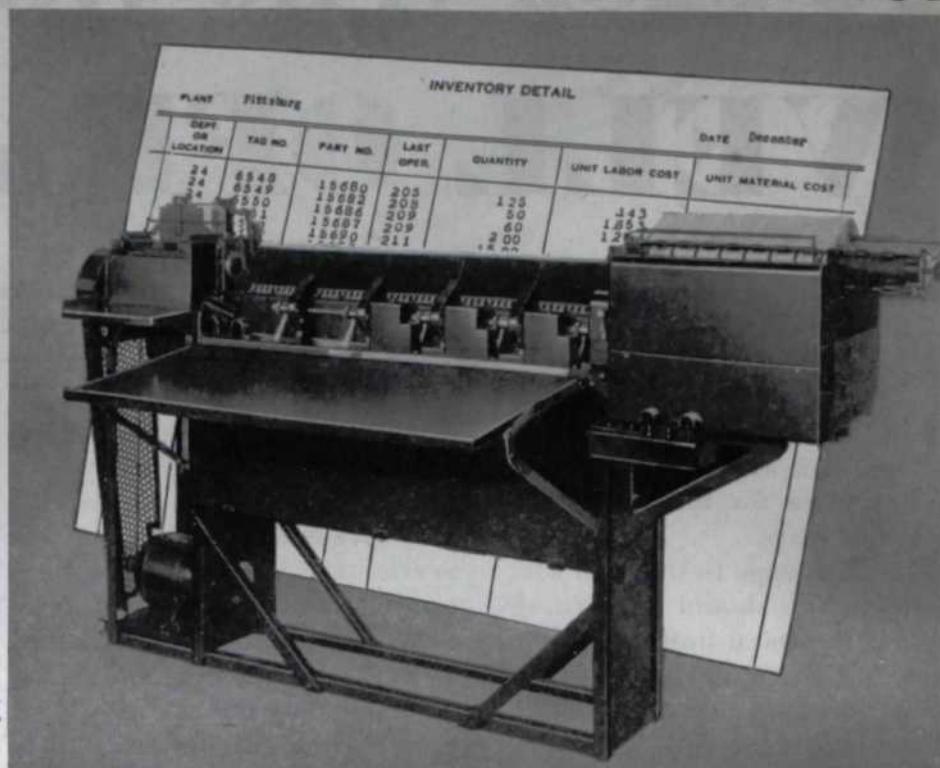
Business Address.....

fact that we have helped to double and triple the income of thousands, but only because *they had it in them to earn more*. To separate from the others those men who really want to do something about forging ahead financially, we ask you these questions: 1. Would you be willing to devote part of your *spare time* to serious study? 2. Can you afford to divert a small portion of your income towards the necessary expenses of such a program? If your answer to either of these questions is no, you can save your time and ours by not answering this advertisement.

IMPORTANT A lot of people seem to think that just because men give credit to the Alexander Hamilton Institute for increasing their incomes the Institute can increase *anybody's* income.

This is not true. There is no formula for becoming independent. It is a sober

YOU NEED A MODERN METHOD FOR A MODERN JOB



GET INVENTORY FACTS QUICKLY...ACCURATELY AND AT LESS COST...!

Earnings in 1933 will be vitally affected by decisions based on inventories taken during the next few months.

Rapidly changing commodity prices and extremely sensitive markets make the speed and accuracy of International Electric Tabulating and Accounting Machines (Hollerith) essential to modern management...for the inventory and for general accounting and statistical work.

The automatic processes by which figure work is handled reduce inventorying to the level of a simple routine job and close the books at an earlier date.

The year-round applications of International Electric Tabulating and Accounting Machines give trend-indicating information pertinent to production, sales, and stores control. The fuller details they provide constitute a true and comprehensive basis for executive direction.

This equipment can be readily adjusted to your present accounting routine. We shall be glad to explain how easily and economically this can be done.

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MODERN METHODS FOR MODERN BUSINESS NEEDS
A booklet describing the many International Business Machines*

SERVICE BUREAU

Our Tabulating Service Bureau prepares, by the Electric Accounting Method, inventory and any other accounting or statistical reports required. Available on a monthly, daily or hourly basis. Details about this unique time and money saving accommodation gladly sent on request.

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300 CAMPBELL AVE., W. TORONTO, ONT.

ALL PRINCIPAL CITIES OF THE WORLD

NATION'S BUSINESS for November



VOLUME 20

NUMBER 11

CONTENTS

Poor Puss

"He bent his bow to shoot a crow and killed poor puss in the window." The inept marksmanship memorialized in this scrap of early American folk lore has a modern parallel. Samuel Crowther describes it in his article beginning on page 16. Legislators are the Bowman, their arrows are taxes which they aim at the rich. Unhappily, like the storied crow, the rich escape and the poor play the part of poor puss. Just why this condition exists and must always exist makes an informing study in applied economics.

Kiplinger

After a month's absence, our Washington observer returns to the magazine with his usual sapient comment on current business and politics. His notes, gathered in the center of activities at the height of the election campaign, have more than the usual importance this month. Although we urge you not to accept his views as gospel, we do feel that you can read them to advantage. The careful opinions of a trained observer, they should clarify your own thinking and aid you in judging the future.

Distribution

We introduce a new feature this month, inspired, more or less, by the continuing interest in the page,

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"No Business Can Escape Change." We are attempting to present new developments in the field of distribution just as Mr. Hayward has presented new developments in the field of manufacturing and science. The new feature makes its bow on page 22. We believe you will like it.

Unemployment

You have frequently heard that this depression differed from previous ones because of the active efforts of business to protect workers against the hardships of unemployment. In an effort to find out exactly what was done along this line, NATION'S BUSINESS gathered a symposium from a number of firms in varied industries. Their replies, collected in an article beginning on page 23, reveal, not only a uniform interest in the employee's welfare, but considerable ingenuity in keeping as many as possible on the pay roll.

Railroads

Railroads were the first industry to be singled out for experiments in government regulation. In the beginning the idea was merely to maintain equitable rates. Today that purpose has grown until railroad management is fettered at every turn by rules and stipulations. In an article beginning on page 28, Mr. Thorpe explains what this regulation means to the railroads and to those who hold railroad securities.

MERLE THORPE, Editor and Publisher

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General Office—Washington, United States Chamber of Commerce Building.

Branch Offices—New York, Graybar Bldg. Detroit, General Motors Bldg.
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Building. As the official magazine of the Chamber of Commerce of the United States this publication carries authoritative notices and articles in regard to the activities of the Chamber; in all other respects the Chamber cannot be responsible for the contents thereof or the opinions of writers.

SUBSCRIPTION RATES: Three years, \$7.50; one year, \$3.00; Canada: Three years, \$9.00; one year, \$3.50. Please notify us promptly of change of address—NATION'S BUSINESS, Washington, D. C.

Corporations CAN have souls and hard heads too

ONE example of the typical American corporation's fairness is the spread of employee pension plans. Yet in taking so progressive a step the corporation should use hard-headed business sense and keep cost at a minimum.

A pension is, of course, a form of life annuity. It is akin to life insurance in that it is based on the probabilities of life. Proper planning demands the same actuarial science which has been developed through three generations of experience by insurance companies.

Without obligation you may secure helpful information on this subject. Learn how the insurance company will guarantee the safety of the pension reserve funds and the adequacy of their yield. In addition it handles all details incidental to the investment of the funds, computes rates of contribution by employer and employee, disburses periodical payments to pensioners, pays death benefits, makes refunds for terminations and withdrawals, and is responsible for many related matters.

An inquiry will bring some useful data prepared by a company which has pioneered in this field.

THE EQUITABLE

FAIR — JUST

LIFE ASSURANCE

SECURITY — PEACE OF MIND

SOCIETY

MUTUAL — COOPERATIVE

OF THE U.S.

NATION-WIDE SERVICE



Address Thomas I. Parkinson, President, THE EQUITABLE, 393 Seventh Ave, New York, N.Y.



Through the EDITOR'S SPECS

ON the road most of the month. Fifteen nights on a sleeper. Hobnobbing with salesmen. More salesmen on trains and in hotels than usual. A good sign. Noted some old-time resourcefulness in selling. A bank vault salesman is doing most of his business now with chain stores, he says, which need day-time protection as well as night-time.

Everywhere evidence of a better feeling. Better feeling analyzed means what? Simply, more hopeful as to the future, which, in turn, means less fear as to what tomorrow will bring, which, in turn, means more activity through chance-taking. Therefore, q.e.d., better feeling is a good sign. In fact, many astute calm-headed men think it the best factor in three years.

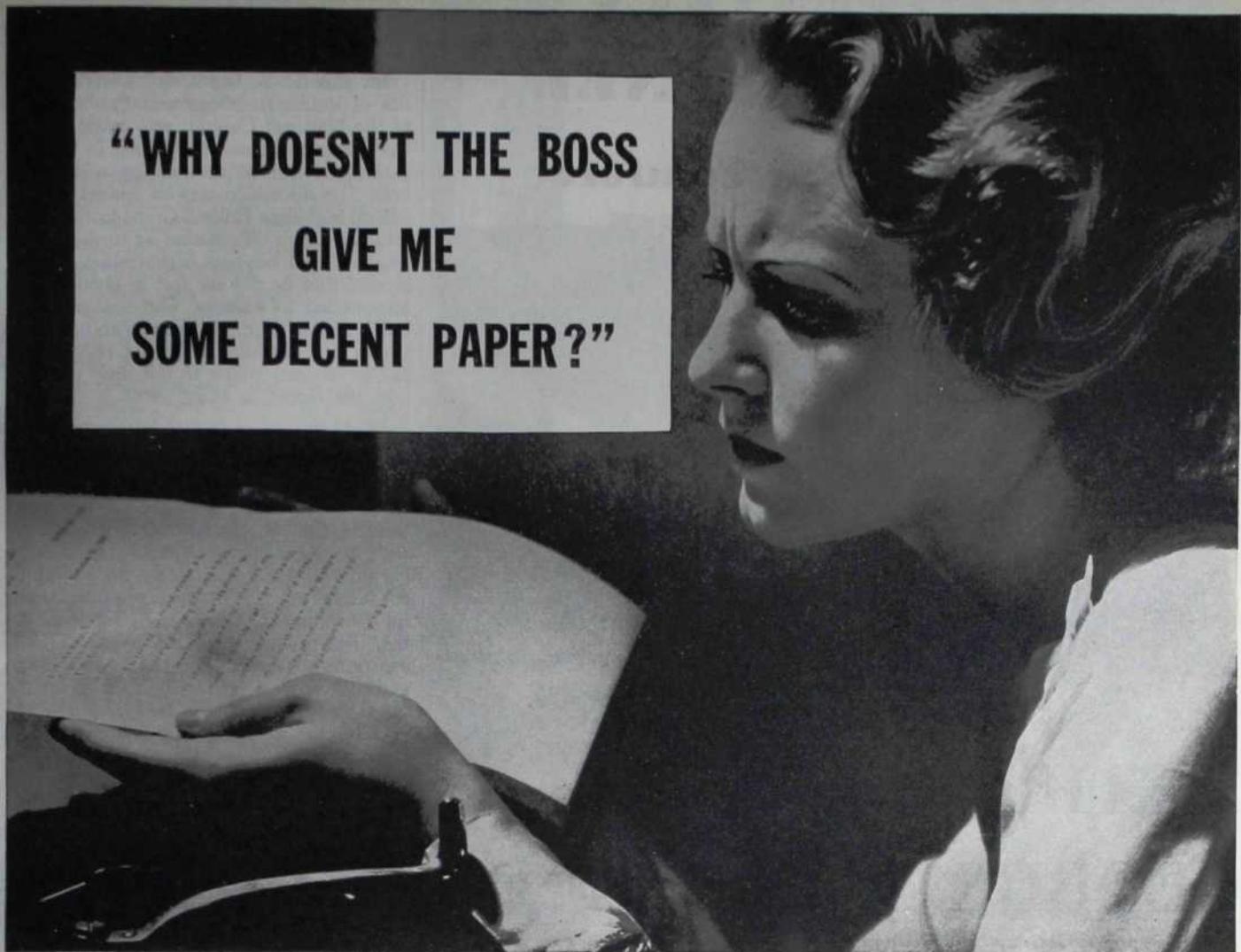
Smoking-room talk, mostly politics, usually leading up to the query, "Will So-and-So's election retard recovery?" The old fear dies hard. If normal living could get one-tenth the word-of-mouth advertising that the fear of abnormal conditions gets, what a change it would bring.

ONLY one man on the entire trip who positively could not be led into a discussion of "what might happen." He took as his thesis that his business was just as good as he ought to expect, that he was going to make it better, that he had a profit—small, to be sure—in sight, and that some day people would get their nerve back and business activity would speed forward; and when that time came, he'd be there, ready for it. He, the president of a fairly good-sized concern, was out on the road sandwiching a little selling in between his executive duties.

NEXT to politics the talk was of taxes. What a change has come about in the last two or three years. Today everybody knows something about governmental expenditures, extravagances and the high cost of all government. Some, for the first time, have begun to translate taxes into terms of public activities, and, Glory be! some—only a few as yet—are beginning to discuss such activities on the basis of whether they are *proper* things for government to engage in. Who knows, maybe this increased interest on the part of the individual is the saving grace of democracy. If we see clearly and understand fully, we may be in time to save the ship.

CERTAIN it is that the individual citizen is reading news of government activities

**"WHY DOESN'T THE BOSS
GIVE ME
SOME DECENT PAPER?"**



SOMEWHERE in this young lady's organization sits a man happy in the belief that he has saved money for his firm by ordering a stock of letterheads on cheap bond paper.

But if he would spend an afternoon standing at this girl's desk, watching the letterheads being thrown away because letters have to be retyped entirely for one or two mistakes—and if he estimated how much her wasted time is worth—then multiplied that by the number of stenographers... but why go on?

It's the old story of saving at the spigot and wasting at the bung.

And the queer part is: It's so unnecessary. Because today any business can use good bond paper—and save money too.

New Hammermill Bond is the answer. For one thing, it erases easily—without rubbing through the paper or leaving ugly roughed-up spots. Characters can be re-



ORDINARY BOND PAPER

See how the surface roughs up and wears away when you erase? Neat retyping is impossible—so entire letter has to be done over.



NEW HAMMERMILL BOND

You can barely notice the erasure. Correction has been made neatly. No roughed-up appearance. No "botchy" looking spot.

typed or rewritten over such erasures neatly—without spoiling the appearance of an entire letter.

For another thing, New Hammermill Bond is whiter than other papers. Tests prove it. Also, it's smoother, easier and faster to write on. Finally, it has the snap, crackle and "feel" that command respect.

And yet Hammermill Bond's new "premium quality" costs no more than ordinary paper.

Ask your printer about it for all office forms and letterheads.

**NEW! Idea Kit... personalized
for your business**

Something handy to keep for reference. An Idea Kit made up of commercial printing suggestions to fit your particular business... and save you time, trouble and money. Cover imprinted with your name to identify the Kit as your own. Filled with printed specimens of New Hammermill Bond, in white and 13 colors.

Fill out coupon, then attach to your business letterhead (mention your line of business if not printed on the letterhead) so we may select suitable material. (Sent free anywhere in the United States. Outside of U. S. A. 50¢.)

new
**HAMMERMILL
BOND**

LOOK FOR THE WATERMARK
It is our word of honor to the public



Hammermill Paper Company, Erie, Penn.
Please make up an Idea Kit for me.

Name _____

Position _____

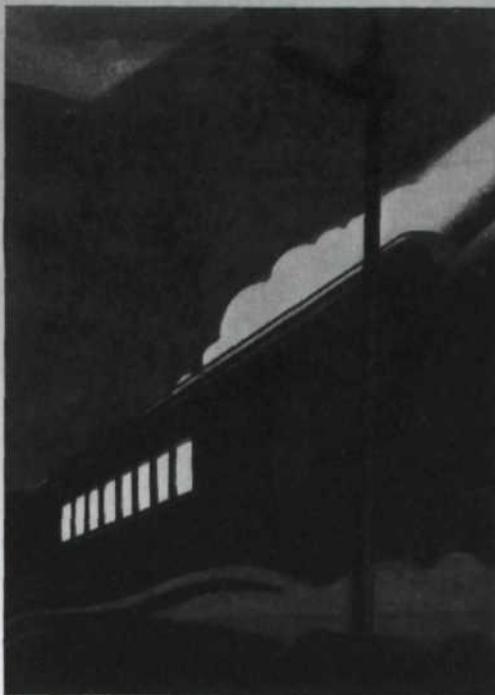
Line of business _____

(Fill in above lines and attach coupon to your business letterhead)

"COMPLETELY AIR-CONDITIONED"

Means Greater Comfort

**IN
WINTER
TOO!**



**THE
GEORGE WASHINGTON**

THE MOST WONDERFUL TRAIN IN THE WORLD

The comfort that air-conditioning brings to The George Washington is just as real in winter as during the hottest weather. The genuine air-conditioning system built into every car circulates *tempered, refreshing* air no matter what the temperature.

The warmth of the luxurious new cars on this "Most Wonderful Train in the World" is a healthy, friendly warmth. And the ventilation provided is just right for your well being. So, on winter nights—

as on summer nights—you sleep soundly and awake refreshed.

And, certainly, the cleanliness of this air-conditioned train is just as welcome in winter as at any other season. Cinders, dust, dirt are no better traveling companions in December than in July.

So—remember through the winter, too, that The George Washington is completely air-conditioned. Remember, also, that you pay no extra fare!

WESTWARD
(Read down)

6:01 PM	Lv. Washington	.....
8:45 AM	Ar. Cincinnati	.....
10:50 AM	Ar. Louisville	.....
10:45 AM	Ar. Indianapolis (Big Four Ry.)	.....
3:00 PM	Ar. Chicago	.....
4:45 PM	Ar. St. Louis	.....

EASTWARD
(Read up)

(EST)	Ar. 8:30 AM	.....
	Lv. 6:01 PM	.....
(CST)	Ar. 1:30 PM	.....
	Lv. 2:10 PM	.....
	Lv. 10:05 AM	.....
	Lv. 9:04 AM	.....

CHESAPEAKE and OHIO

more critically and intelligently. I pick out of my memory a half dozen instances which were called to my attention by readers and visitors during the past month:

Lt. Col. U. S. Grant, 3d, Director, Office of Public Buildings and Public Parks of the National Capital, was called before the Shannon Committee, which is investigating government competition with business. The discussion was on restaurants in federal buildings. Colonel Grant justified his refusal to give information as to these restaurants to a business organization on the ground that he did not feel he should give information to someone who was going to use it against him. The comment was that things are reaching a pretty pass when public servants refuse to tell their masters how the money is being spent.

ANOTHER item: The president of the Washington Division of International Association of Machinists issued a statement denying that the government navy yards were in competition with private shipbuilding enterprise and adding that private shipyards have no right to expect anything from the Government. The obvious comment is that the private shipyards have at least one thing to expect from the Government, and that is a receipt for their taxes, which taxes go to keep up the Navy.

A GROUP of citizens from the Middle West came in so mad they were spitting cotton. They had come on to Washington to find out why the delay in certain permits for construction work. Money had been provided by county and state, all that was needed was permission to go ahead. After three days the local committee found itself in the presence of a federal official who listened to their story. Whereupon he arose, they said, and, in the manner of one talking to little children, assured them thus: "The government knows best. It will do what is best for you."

WE often forget that our public officials are human and that their skins are as thin as those of the rest of us. All of which was brought to mind by the attitude of the I.C.C. in ordering the Illinois Central to reprint a schedule of freight tariffs because said railroad had used the back page of such tariff to quote a criticism of the Commission. The Commission issued a formal order.

Obvious comment is: Our citizens are no longer permitted to spend their own money criticizing the acts of State when such publication is a part of another publication which is supervised and regulated by government authority.

ALL these are matters from the daily news, and it is heartening to realize that, whereas a few years ago they would have been silently accepted, today they are under the scrutiny of an intelligent citizenry.

TRADE note: The federal government's rat poison plant, which has a mixing plant at Barnstable, Massachusetts, is starting a great selling campaign to market its product in 190 counties east of the Mississippi. The poison will be sold to the farmers at cost,

that is, the cost as figured by government bookkeeping. But, whether at cost or at a loss, or at a profit, shades of our forefathers! the great government of Washington, Franklin, Jefferson, to come to the manufacture and sale of rat poison!

WILLIAM Aisenstein, of Aisenstein-Woroneck & Sons, Inc., New York City, forwards to us an interesting letter received from Frank B. Kendrick, of West Lebanon, N. H., one of the firm's customers.

Mr. Kendrick says in a postscript: "This sheet of paper is 130 years old. It was used by my grandfather in his store in Lebanon, N. H."

He also encloses some ledger sheets from that early store. These sheets record transactions for several months in 1824 and 1825. Such old pages are always interesting and these are especially so today when the question of "real wages" takes so prominent a part in business discussion.

The old ledgers show that, in 1824, the standard wage for "a day's work with hand and oxen" was \$1.50. The wage for workmen who had no oxen or whose oxen were not employed ranged from 75 cents down to 50 cents.

Not an extravagant wage, certainly, and yet it was probably sufficient. The ledger shows that eggs were ten cents a dozen; mackerel, five cents a pound; molasses, two quarts for 25 cents; raisins, 12.5 cents a pound and coffee 25 cents a pound. Five and a quarter pounds of butter could be bought for 65 cents.

Dry goods prices varied. A man could buy six yards of shirting for a dollar but linen cost 40 cents for a half yard, and muslin 33 cents for a yard and a half.

Being thus clothed and fed, a man might have something left for the primitive amusements of the time. If he did, he could buy a quart and a half pint of gin for 13 cents; the same amount of West Indian rum for a quarter; a quart of sherry for 15 cents and a pint of brandy for 16.

In his accompanying letter, Mr. Kendrick remarks that "they got good rum and gin" so it is probably a mere coincidence that, immediately after a sizable sale of gin, the old ledger records this sale:

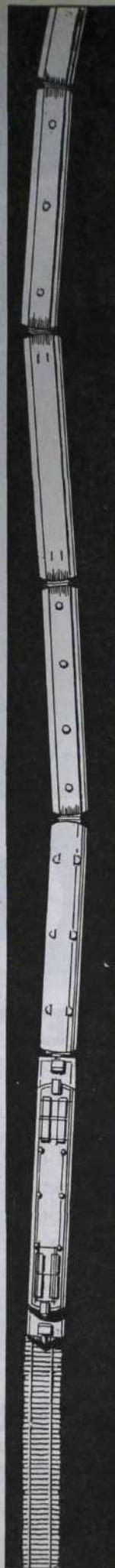
Paregoric 8 cts.

OUTSTANDING bureaucratic contribution to the general welfare coming to our attention this month:

The United States Department of Agriculture, Bureau of Home Economics, Textiles and Clothing Division, the Textile Chemist in Charge, and Assistant Specialist in Clothing, after research, investigation, surveys, interviews in the home, and questionnaires, report on "Present Trends in Home Sewing." From the bulletin the country learns that "the percentage [of persons] using motor-power sewing machines increases steadily with the increase of the income, and the percentage of those using foot-power machines decreases with the increase in income."

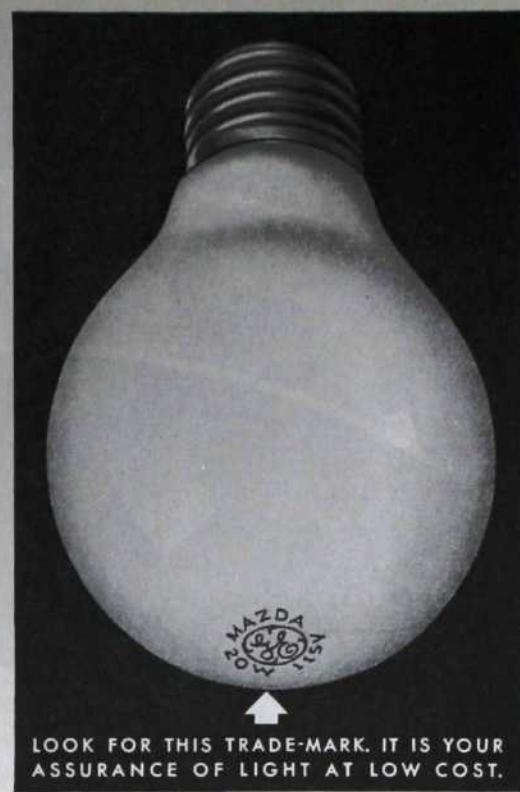
Now, with this highly controversial matter out of the way, the Nation can move on to the solution of some of its lesser problems.

M.T.



76
%

of all
Lamps
that
Light



AMERICAN RAILROADS .. are made by GENERAL ELECTRIC

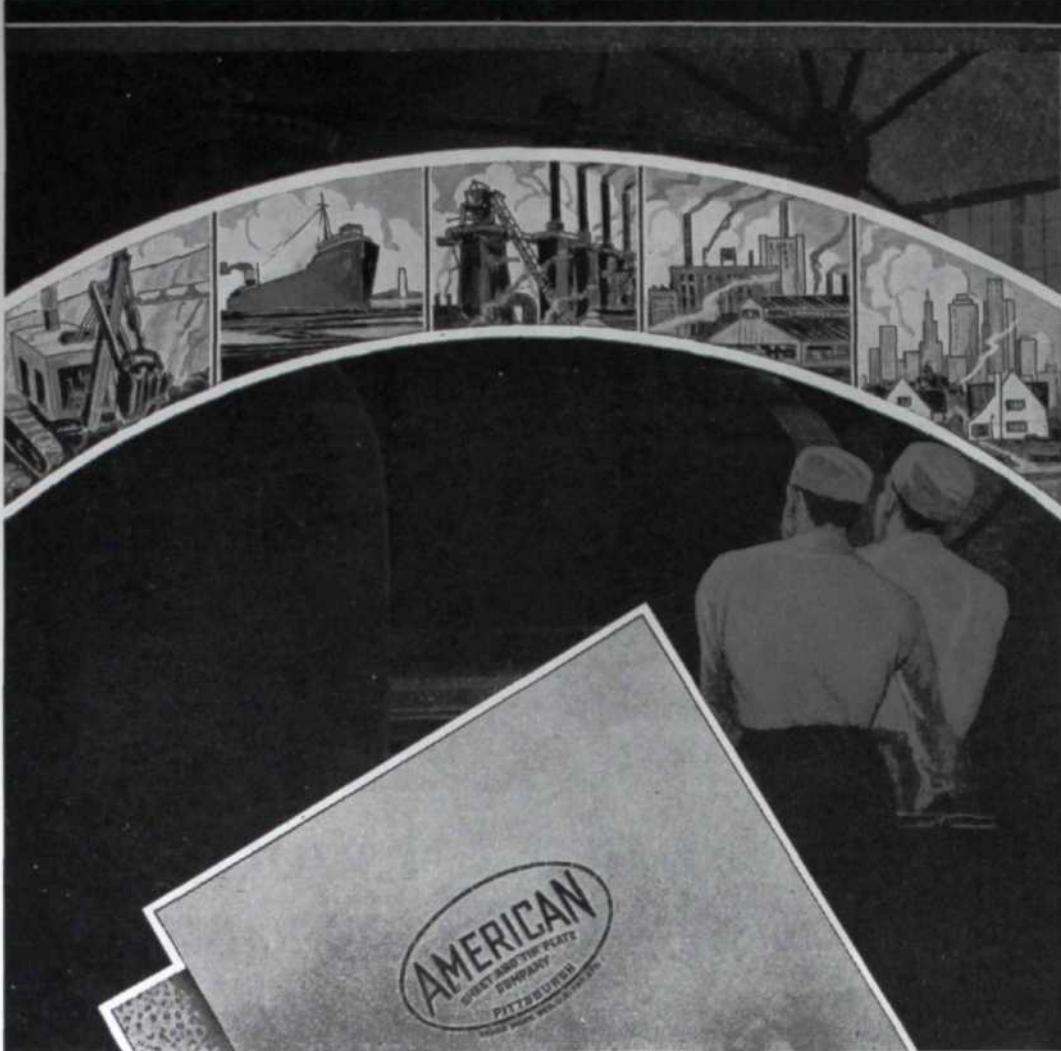
THE overwhelming preference of American Railroads for lamps made by General Electric, is a testimonial of complete dependability, actual efficiency and final economy, of which any product may well be proud.

American railroads cannot guess about their lighting. Because lives, as well as dollars, depend upon qualities that the eye cannot see!

Executives of industry, seeking good light at low cost to cut waste, increase safety and reduce overhead, should know the facts about productive lighting—just as American Railroads know them.

Such facts are easy to obtain. General Electric Company maintains a corps of trained lighting experts all over the country for the express purpose of furnishing the *true* facts about good lighting—as they apply to your particular business—without cost or obligation. Simply write to The Incandescent Lamp Department of General Electric Company, Nela Park, Cleveland, Ohio.

GENERAL  ELECTRIC
MAZDA LAMPS



From
SOURCE
TO
SERVICE
guarding
Quality

ALL THE WAY

AMERICAN

STEEL SHEETS for EVERY PURPOSE

From the iron mine to the finished product, each operation and process is surrounded with the close attention to detail that is so essential in maintaining high quality standards.

The ore beds, coal workings, limestone quarries from which raw materials are obtained—the railroads and ship lines by which these materials are transported—the refining operations where the various ingredients are blended

into steel—the rolling and finishing equipment from which AMERICAN Black and Galvanized Sheets, Tin and Terne Plates finally emerge with their distinctive mark and character: all these factors and elements are organized under one control, with one purpose in view, to keep faith with the multiplied users of steel sheets and tin plates who expect the best, and specify AMERICAN quality products.

Inquiries regarding any application of U.S.S. STAINLESS and Heat Resisting Steel Sheets or Light Plates, or any product fabricated from either, will be given prompt and careful attention.



American Sheet and Tin Plate Company

GENERAL OFFICES: Frick Building, PITTSBURGH, PA.

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AMERICAN BRIDGE COMPANY
 AMERICAN SHEET AND TIN PLATE COMPANY
 AMERICAN STEEL & WIRE COMPANY
 CARNEGIE STEEL COMPANY

Pacific Coast Distributors—Columbia Steel Company, San Francisco, Calif.

PRINCIPAL SUBSIDIARY MANUFACTURING COMPANIES:
 COLUMBIA STEEL COMPANY
 CYCLONE FENCE COMPANY
 FEDERAL SHIPBUILDING AND DRY DOCK COMPANY

ILLINOIS STEEL COMPANY
 NATIONAL TUBE COMPANY
 Expert Distributors—United States Steel Products Company, New York, N. Y.

OIL WELL SUPPLY COMPANY
 THE LORAIN STEEL COMPANY
 TENNESSEE COAL, IRON & R.R. COMPANY
 UNIVERSAL ATLAS CEMENT COMPANY





None So Blind . . .

ON THE eve of a presidential election it is always difficult to get a clear grasp of the economic situation because of the dominant emphasis on party fortunes. As every business man knows, the quadrennial spectacle of pointing-with-pride and viewing-with-alarm is not conducive to a calm judgment of affairs. Every prospect is fogged with the oratorical soot showered on political pot and kettle. Interpreting planks and personalities tends to become an exclusive obsession.

The election of a President is a big business, a patriotic business, a glamorous business. It likewise involves a stockholders' vote on management and personnel in what is today our biggest industry—politics—on which is spent nearly a third of our income. So it is set to music, to the tramp of marching feet, to tumult and shouting. But when it is all over the illusion passes and we realize it is only a side line of the main business of building the nation through the exchange of goods, labor and services. On the platform of business activity the whole people can usefully unite. Unhappily, prophets of evil and disciples of fear have cast a broad shadow over enterprise.

Whatever the breakdown of established things and however bitter the trial of those who are the victims of economic disorder, to the generation now coming on the times signify liberation and opportunity. For the free in spirit, it has been finely said:

There remains, come what may, their own energy and the richness of the earth, the heritage of invention and skill and the corpus of human wisdom. They need no more. Their paths will be more open, and what, in one light, is a vast breakdown of hopes is, in another light, the clearing away of debts and rigidities and preemptions that would choke them on their way.

Gradually, we have come to view the depression as a "furious purge," rather than as a collapse of civilization; that in itself is a change for the better. In the long stream of history, what may appear to the contemporary eye as the "ruin

of achievement" really contributes to the tide of events as a "renewal of energy"; what appears violent change will take its place later as a logical interlude in continuity.

In perspective, the steady "renewal of energy" would be readily apparent. At the end of the third quarter of the year, business continued to push forward, with indications of a slight improvement in company earnings for the three months period. Steel operations were going up gradually. Transportation showed a seasonal increase in revenue freight. Electric power production was approaching the output for the similar period a year ago. Money remained cheap and plentiful. Securities and commodities, despite the fluctuations in public and professional interest, stubbornly clung to their gains.

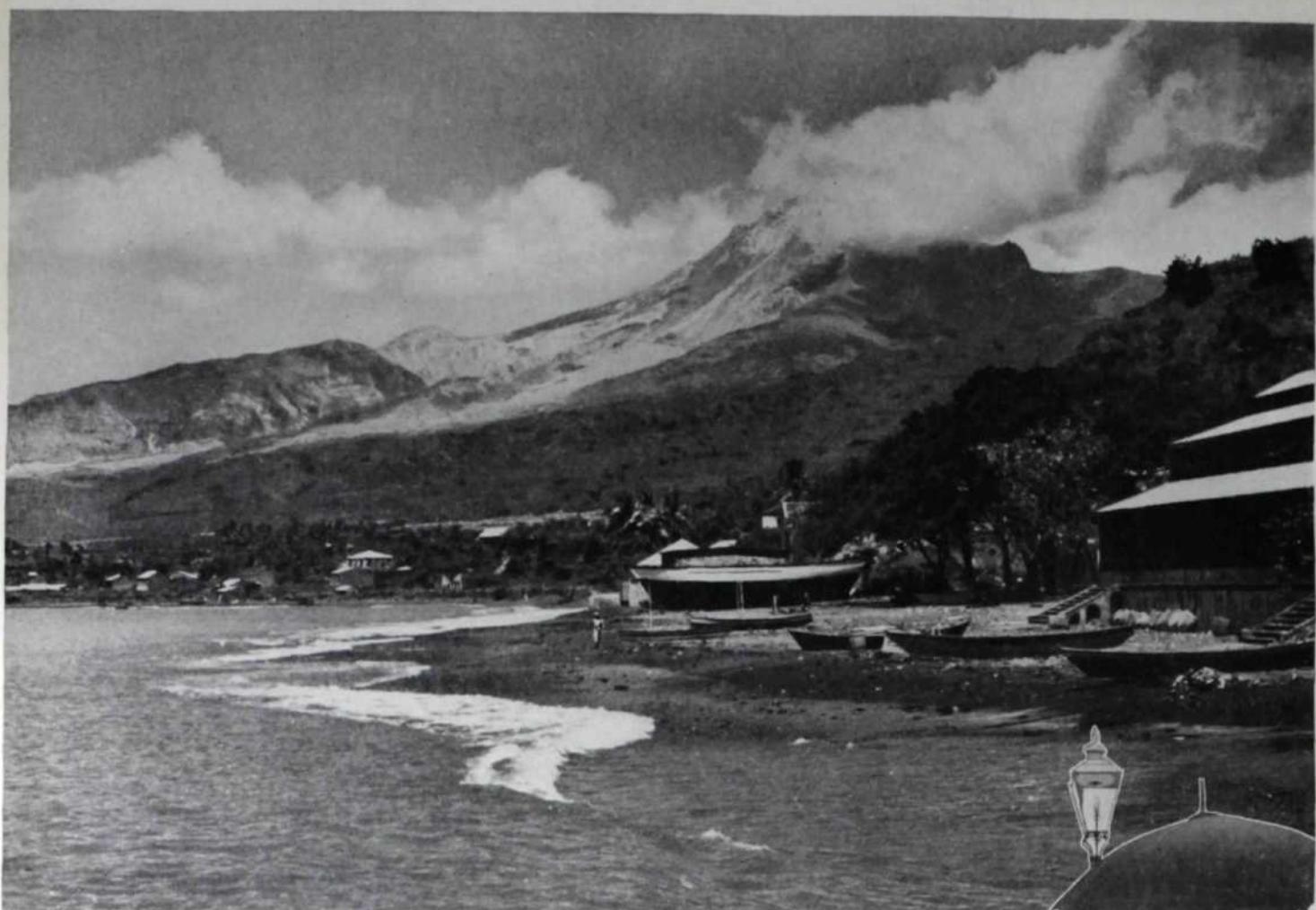
These advances argue the tenacious quality of the American way of life. For it is of no little moment that, in time of stress and strain, this nation has been able to shoulder the extra burden of a prolific cynicism and the disturbing turmoil of political divisions. So obscuring has been the fog of pessimism that it almost seemed as though we were condemned to walk in darkness, paced by "those who have no hope and who take a kind of pleasure in the grim jest that the last depression of this magnitude is known as the Dark Ages and persisted for five hundred years."

Yet how many of those professional pessimists who thrive on mockery would choose expatriation as release from the blundering of life on the American Plan which they so ingeniously pillory? A man does not come to the true count of his blessings by scorning the institutions which at base give him his sustenance.

"None so blind," said Jeremiah, "as those who will not see." Nearer our own times stands the judgment of one who knew his world, "Light, seeking light, doth light of light beguile."

Meredith Thorpe

BLUE SKIES . . . AND THE SPANISH MAIN



St. Thomas (Virgin Islands) . . . Fort de France, St. Pierre (Martinique)

Port-of-Spain (Trinidad) . . . La Guayra, Puerto Cabello (Venezuela)

Willemstad (Curaçao) . . . Colon (Canal Zone) . . . Havana (Cuba)

ABOUT Christmas-time, people are getting restless. They're looking longingly southward, to lands and seas where the sun shines golden in midwinter . . . to the blue Caribbean and its fascinating West Indies.

At Martinique, Mt. Pelee rises to smoky heights from palmy, tropic grandeur. . . . The little French shops abound in interesting knick-knacks. St. Thomas, Trinidad, La Guayra, and Curaçao are full of bright scenes and buccaneering memories . . . at Colon: the canal, Old Panama, and a gay lunch at the Miramar Club. . . . And fair Havana has delights for those who wish to dine or dance.

A West Indies Cruise forms an ideal break in the cold dreariness of Winter . . . and such a cruise aboard the beautiful

Lafayette is a treat for the most sophisticated traveler. This new and popular cabin liner will sail twice to the West Indies. A Christmas Cruise, leaves New York December 16th for 19 days. The second leaves on February 25th.

The Lafayette is famous for her delicious cuisine . . . for the beauty of her salons . . . and for the modernity of all her appointments. She will be a most comfortable, delightful, economical home for those lucky ones who would sail away from Winter . . . to *blue skies and the Spanish Main*.

See your travel agent. He will gladly help arrange one of these cruises for you. . . . French Line, 19 State Street, New York City.



2 WEST INDIES CRUISES

DEC. 16 AND FEB. 25

19 DAYS . . . \$217.50 UP

M. S. LAFAYETTE

French Line

NORTH ATLANTIC SAILINGS: PARIS, November 11, December 9 • CHAMPLAIN, November 5 and 26,



NATION'S BUSINESS

Published at Washington by the Chamber of Commerce of the United States

MERLE THORPE, Editor

NOVEMBER, 1932

VOL. XX No. 11

As the Business World Wags

THUS WE MAY SEE, QUOTH HE,
HOW THE WORLD WAGS—*As You Like It.*

Think Before You Vote

★ SOON after this issue reaches its readers, election will be held. Our forecast for the economic future as affected by the political situation is:

If President Hoover is reelected, business will continue on a long, slow, and frequently painful recovery.

If Governor Roosevelt is elected, business will continue on a long, slow, and frequently painful recovery.

Which doesn't mean that the election is not of grave importance to the business men of this country. It is; but the major depressions and elations of business seem to come without much regard to politics.

The temper of Congress is perhaps more important to business than is the political complexion of the President. "All bills for raising revenue shall originate in the House of Representatives," and that means tariff and tax. Legislation to amend our banking system, to cut government competition in business, to restrict the power of the Interstate Commerce Commission, to add or subtract from the federal authority over power and light—as to all such things as these, while the President "shall recommend to their (Congress') consideration such measures as he shall judge necessary and expedient," yet the real impetus will come from Congress.

The real friend or foe of business is the Congress. Every business man should, before he goes to the polls on Tuesday, decide not only his choice for President but inquire as to the record and the promises of the candidate for Congress.

Don't just vote! Think, ask and *then* vote!

Business' Interest in Congress



THE Congress which meets in December will be made of men chosen in November, 1930. The men chosen this November will not meet for action until December, 1933.

What will be done in this short session? Chiefly, perhaps, a consideration of appropriation bills. Appropriation bills call for vigilance on the part of business. It must not be forgotten that most moves for government economy so far made have been temporary and that only a bettering of our financial condition is needed to restore and expand suspended activities.

Tax legislation? Not likely unless the condition of the

Treasury makes it unescapable. With radical changes in the make-up of the two houses of Congress a special session might be called in the spring to deal with this subject.

Bonus? Apt to try to drive its way in.

Banking legislation? Likely to be put off until a regular or special session.

Railroad legislation? The same answer.

But all these subjects may come up and business needs to watch them all.

Business Has Passed the Worst



WHAT'S business like in mid-October? Let's answer with a parable: A man loses his way and finds himself going through a thick wood. The further on he presses the trees grow thicker. Constantly it gets darker. The ground underfoot is boggy and it is harder to walk. He struggles and flounders on. It seems to grow a little lighter overhead. His foot doesn't sink quite so deeply into the mire.

He decides that he is out of the woods. He isn't. He has only just passed the worst of his experience. It is almost as far to the open sunny spaces ahead of him as it is from the sunshine he left behind.

That's business. It has got over the worst, we hope and trust. It is headed for open sunshine and good times. But there still are darkness and mire ahead as well as behind. There may be spots as bad or even worse than those it has gone through. But still it is headed for the sun.

Plight of the Price-cutters



NEWSPRINT paper prices were cut recently to \$46 a ton. Six years ago the price was about \$72 a ton. That means a drop in the industry's income in this country and Canada on the basis of

1931 production of some \$25,000,000. As a fact, the production this year is less than in 1931.

In other words a series of drastic price reductions to a point in most cases below any possibility of profit did not produce more business, but less. The buyers were able to shop around for their paper and to make in some cases profits taken not from their customers but from the papermaker.

What is the result? More and more pressure upon the paper manufacturers to merge into one tremendous unit which can stop price-cutting and allocate production.

If that's the result, are we justified in asking this ques-

tion: Which is better for the public, a huge monopoly of newsprint production or a revision of the antitrust laws which should permit the several units to agree on prices and territories, subject to some form of government approval?

What to Do with the Sherman Act? THE United States District Court for Western Virginia, with three judges sitting—all of whom are on Circuit Court of Appeals—has decided, all

three concurring, that the soft coal industry's plan for a joint selling agency called Appalachian Coals, Inc., is illegal and in violation of the Sherman Act.

The Court held that the 137 producers of soft coal in West Virginia, Virginia, Kentucky and Tennessee could not operate a joint selling agency without acting in restraint of trade.

The case has still to go, and will go as speedily as possible, to the United States Supreme Court.

Until that Court decides, any extended comment on the case is uncalled for, but these paragraphs from the District Court's decision are worth quoting:

We sympathize with the plight of those engaged in the coal industry, whether as operators or as miners; but we have no option but to declare the law as we find it. . . .

If it be thought that the law should permit agreements eliminating competition as between the parties thereto and fixing as between them prices at which goods shall be sold, in cases where monopolistic control of the market is not intended and does not result, the remedy is with Congress and not with the courts.

Business Wants Fiscal Economy



of some of the major proposals now before the country.

Up to September 22, the returns showed that 1,400 reader voters placed "government economies" first. Next in rank stood "readjusted taxation" with 1,251 votes. Revision of the Eighteenth Amendment drew 894 votes; strengthened bank system, 808; government competition with private business, 653; agricultural reconstruction, 527; unemployment legislation, 391; international debts and veterans legislation tied with 303 each; and railroad legislation stood last with 280 votes.

The difficulty of separating sentiment for tax relief and government economies is immediately apparent in the overlapping of the two issues. Where the weight of the voting emphasis is so decisive, the close relationship of the two problems provides its own eloquent revelation of the trend of business thought.

And Economy Begins at Home



Not long ago its Board of Trade met, discussed a project to put up a \$100,000 federal building in Wallace, and then adopted a resolution which said:

RESOLVED: that the Wallace Board of Trade is unalterably opposed to the passage by this Congress of any measure which will add to the national indebtedness and bring about an increased burden of taxes for the purpose of paying interest and meeting sinking fund requirements. This Board insists that the Congress balance the budget by the cutting down of government expenses and the levy of only such taxes as are required to meet the necessary cost of government.

The Board does not oppose national cooperation with state and local communities for the alleviation of human distress, but

insists that added burdens of debt will only aggravate present business depression and may result in serious damage to national credit.

Extravagance in City Offices



MAYOR JOSEPH V. MCKEE, the new broom that is trying to sweep New York clean, is devoting part of his time to cutting down the number of automobiles the city government runs.

The other day he ordered 128 official cars into oblivion, announcing that it would save \$600,000 a year. A few of the cars will be used in a central garage where city employees can get official taxi service when on tours of duty.

One department, that of Sanitation, parted, we hope willingly, with 17 sedans described as follows:

- 9 Cadillac Sedans (four of them seven-passenger)
- 3 Nashes
- 2 Hupmobiles
- 1 Packard
- 1 Chrysler
- 1 Hudson

In the Mayor's office the assistant to the Mayor had a seven-passenger Stearns, and the secretary, the executive secretary, and the director of the budget each a seven-passenger Cadillac.

Who wouldn't be a city official to drive about in seven-passenger cars with a chauffeur on the city pay roll and a label that brought salutes and not rebukes from policemen?

All over the country there are signs of a taxpayers' revolt—a revolt against waste, against needless activities, against activities that cannot be afforded. The fight is active now because times are hard and taxes are felt.

The job of every chamber of commerce is to keep at the fight and to keep it up even after times improve.

We Still Have the Deficit



NEW taxes and economies designed last summer to balance the federal budget are falling short of doing so. Lamentably short.

The first quarter ended September 30 with a \$402,000,000 deficit. Any guess on the whole year's result is idle until returns on 1932 incomes are filed next March 15. Even so, expenditures of \$4,000,000 a day in excess of revenues are an enormous gap to be bridged.

What will Uncle Sam do? That is like asking what the college lad who is behind in his bills will do. It all depends upon whether father, in this case the taxpayer, again resignedly increases the prodigal's allowance, or says, "Nothing doing; you've got to quit spending so much money."

Help for the Railroads



THE railroads may complain that they are ill-treated, that they are being strangled by regulation, that they are beset by competition on land and water, and in the air, and that these

competitors are unduly favored by government, but they cannot complain that they are without friends.

More than a score of insurance companies, four of our leading universities, the Railway Business Association and the Investment Bankers' Association—a group not without a pecuniary interest in the welfare of the railroads—have joined in organizing a rescue squad and dispatching it to the aid of the railroads—at least to aid them in finding out what ails them and in prescribing a remedy if one is discoverable.

It's an interesting group—Calvin Coolidge, Alfred E. Smith, Bernard M. Baruch, Clark Howell and Alexander Legge. It won't be a political group though Mr. Smith, Mr.

WALLACE, Idaho, is one community which believes in practicing what it preaches. It wants federal economy and it doesn't want to achieve that

desire solely at the other fellow's expense. Not long ago its Board of Trade met, discussed a project to put up a \$100,000 federal building in Wallace, and then adopted a resolution which said:

RESOLVED: that the Wallace Board of Trade is unalterably opposed to the passage by this Congress of any measure which will add to the national indebtedness and bring about an increased burden of taxes for the purpose of paying interest and meeting sinking fund requirements. This Board insists that the Congress balance the budget by the cutting down of government expenses and the levy of only such taxes as are required to meet the necessary cost of government.

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Baruch and Mr. Howell are as definitely Democrats as Mr. Coolidge is a Republican. Mr. Legge's political affiliations are less conspicuous than his career as a business man, but he was Mr. Hoover's appointee to the Farm Board.

The committee is non-partisan, but it is probable that, if legislative remedies are needed in the committee's opinion, the political acumen of former President Coolidge and former Governor Smith will be an asset when the time comes to present and press such legislation.

Less Competition in Transportation THE railroads themselves have taken a step forward on their own behalf by agreeing on a four-system consolidation of eastern roads along the lines proposed by the Interstate Commerce

Commission. Economies are hoped for in the elimination of much wasteful competition.

Simultaneously a Royal Commission reported that the Canadian Pacific and Canadian National should eliminate duplicate services, cooperate to cut down expenses and that the state-owned Canadian National should be controlled by three trustees to be chosen by the Government. In addition, a new commission, one member to be chosen from the Canadian National trustees, one from the Canadian Pacific directorate and one from the Government, is to supervise all of the Dominion railroad activities.

Both this country and our neighbor to the north are finding that competition has its evils as well as its blessings.

Politics and Business

IF business should continue through late October and into November the slow, dragging recovery which it seems just now (October 10) to be experiencing, we should have new proofs that the rise and fall of business are not greatly affected by politics—the politics of campaigns, of flag-waving and fist-shaking.

Business is affected by the politics of legislation, of tariff, of tax bills, of bonuses, of banking methods, but it has apparently grown indifferent to the pre-election stir.

Look back over a chart of business—the one on the editorial desk as I write is that prepared by Leonard P. Ayres of the Cleveland Trust Company. Here are the years of Presidential elections:

1928—a year of slightly better than average business activity rising rather sharply at the end;

1924—business was good at the beginning, sunk in mid-year and came back to about an average at the close;

1920—good until near the close when we sank into the sharp short-lived depression of 1920 and 1921;

1916—a year of exceptional business (the War was making money for us) despite an exciting and somewhat surprising campaign;

1912—a moderate depression which lasted through 1911, ended early that year—long before nominations were made;

1908—a black year at the beginning with the currency panic of 1907 not yet over, but recovery began before the campaign was under way and was not checked.

1904—a bad year but improvement came toward the close.

Perhaps we are taking our politics more intellectually and less emotionally than we once did.

Making Banks "Fail Proof"

CONGRESS, both in December and whenever it meets again, will be pressed for some sort of a bill for guarantee by government of bank deposits.

Such plans by the states have so far met with little success.

But the mutual savings banks of New York state are going ahead on their own and without help from Government in a plan by which they aim to make themselves "fail proof."

They will have a sort of Reconstruction Finance Corporation or Federal Reserve System of their own. Each bank contributes to a central bank one-fortieth of one per cent of its deposits, in all about \$1,500,000. This can be increased to nearly \$150,000,000 in case of emergency. This fund would be available to any bank in the Association which should need to make fluid its slow assets.

It's more than 20 years since a mutual savings bank in New York failed and the 144 members of the Savings Bank Association think it will be twice 20 more years before another fails under this new plan.

The New Taxes Prove Onerous

THE battle lines for changes in the present tax law are already forming. The article by J. H. Pew, president of Sun Oil Company, in the October issue presented forcefully the case for the petroleum industry. The automobile industry is prepared to show the effects of the tax on sales of its products.

The National Automobile Chamber of Commerce by its president, Alvan Macauley, who is also president of Packard, has given out figures to prove that, since the tax was put into effect, more used cars in proportion to new cars are being sold.

In July, said Mr. Macauley, retailers sold 291 used cars for every hundred new ones. In August this year the ratio was 244 to 100. A year ago dealers sold 100 new cars to 188 old ones. The change the automobile makers believe is attributable to the tax.

Damming the Flow Of Trade

EACH candidate for the presidency has spoken on the Farm Board's stabilization projects.

One said:

The decline of prices [after the agricultural marketing act was passed] increased, a slump was apparent. The cooperatives could not meet the situation. This resulted in a tremendous undigested surplus overhanging the market; it put a millstone around the neck of the cooperatives. The effort resulted in squandering hundreds of millions of the taxpayers' money. Farm Board speculative operations must and shall come to an end.

The other said:

As a result of these emergency purchases [by the Farm Board] the prices of farm commodities were temporarily held and their fall cushioned. The farmers received hundreds of millions of dollars of income which they would not otherwise have received.

Experience has shown that the patent weakness of such actions is the damaging aftermath which accompanies disposal of these products. I am convinced that the Act should be revised in the interest of the farmer, in the light of our three years of experience, and this proposal should be repealed.

On the future the two candidates are agreed. We shall not repeat the mistakes of the past. But the bill has not yet been settled.

Business could and did warn of the danger of interfering with the natural and orderly conduct of business. Read those two statements and then read this:

"We express our continued opposition to the use of government funds in providing capital for the operation of agricultural cooperatives and for the buying and selling of commodities for the purpose of attempted stabilization."

That was a resolution of the United States Chamber of Commerce adopted two and a half years ago.

How Soaking



CARTOONS
BY CHARLES DUNN

Is the new tax bill doing something which no one wants done?

THE impulse to soak the rich is wholly human and entirely understandable. Most of us, if pressed for the truth, can ever so frankly be catty about those who happen to have somewhat more money than we have.

The poor are less jealous of the rich than the rich are of one another. Brown with half a million a year will gravely and mysteriously hint that Smith, who has a million a year, is getting a larger income than is good for him—unless, of course, Brown's income in some way depends on Smith's favor. Then Smith is a great man. Only in Chicago of ten years ago have ever I heard wealthy men sincerely speaking well of one another. But now that the face of Chicago's wealth has been altered, that city is no longer an exception.

Thus it has come about that the wealthy have never until now keenly enough felt the burden of income taxes and death duties to make common cause and put up a fight. Brown has been willing to be hurt, so long as Smith was being hurt more. One need not be cynical to observe that the chief reason why the wealthy are today so vastly concerned about their taxes is that 1932 incomes are not large enough to pay the levies on 1931 incomes. We only *thought* we were poor in 1931.

The wails and protests of the rich—and they are not as loud as might be expected, for most of the rich are fairly good sports—do not greatly interest anyone. There is no reason why the protests should interest anyone. Our real concern should be to discover whether soaking the rich is really the game it has been advertised to be. For it may be that the very rich duck the blows and that we, the spectators, get them. It may be that kicking the rich is a devious way of kicking ourselves. Let us inquire.

"Rich" has a sliding value

DECIDING who is rich enough to merit soaking is not easy. No definite income line separates the rich from the poor. Among the farmers and wage earners, anyone who comes within the federal income tax is rich, while in other circles \$50,000 a year is looked on as a mere pittance. To most of our people, the word "millionaire" still connotes wealth and glory. To others, it means nothing at all unless it means an income of a million.

One might go on forever trying to define riches, but when the definition was finally shaped and polished, it would be worth nothing at all. Being rich in 1932 is quite different from being rich in 1929. For our purposes, we can dismiss principal values and consider wealth only in terms of income. Fifty thousand dollars a year, as being the income on a million dollars, used to be the starting line for riches, but Con-

gress in its income tax begins the heavy shooting at double that figure. So let us take \$100,000 a year as the beginning of riches. The class is a small one now; in 1928 it had 15,780 members, but it had only 6,152 in 1930. Now the membership has probably dropped to 3,000. The figures are not quite what they seem to be, for most rich men find that it pays to put their depreciated stocks through the selling machine toward the end of the year and establish losses for tax purposes.

Thus many of our wealthiest men are now paying no income taxes at all. That does not mean that they are without incomes but only that their capital losses were greater than their incomes.

Not intended to equalize income

AND this brings up the whole subject of taxes on income. They are new with us, being levied under the authority of the Sixteenth Amendment, which came into effect in 1913. This amendment, by the way, was not ratified by Connecticut, Florida, Pennsylvania, Rhode Island, Utah and Virginia. The amendment was offered so that the Federal Government might have an additional method of raising revenue. There is nowhere any suggestion in the debates in Congress that great fortunes are dangerous to the common weal and that Congress should have power to regulate them.

The people as a whole have never decided that it was wrong to be rich, and they have never given to any political party, although from time to time parties have asked it, a mandate to equalize fortunes. The Socialist Party has never polled more than a handful of votes, and, although from time to time the very nervous get worked up about menaces running from a light pink to a deep red, these menaces have almost wholly existed in the minds of those who wanted to get the job of fighting them. Selling Bolshevik antidotes is a good but highly seasonal business.

The theory of our income tax laws, both state and federal, is that incomes should contribute toward the cost of government according to the ability to pay. Even the war taxes were supposed to be on that basis, and the heavy surtaxes, as well as the excess profits tax in another field, were designed to catch the war profiteers. But the late Congress, after fussing about with all the known methods of taxation and a few that had not previously been known, passed an income tax act in which the surtaxes, starting with one per cent at \$6,000 a year, run all the way up to 55 per cent for the very large incomes. They twisted the rule of ability to pay to mean that all sums earned above a sliding scale of living expenses should belong to the Government. That is only another way

the Rich Soaks the Poor

By Samuel Crowther



WHEN legislators start out to redistribute wealth through taxation they overlook several economic facts, says Mr. Crowther. Because of this, the rich feel the blow but little while the poor catch its full force

of declaring that Congress has taken unto itself the right to redistribute wealth.

The Congress as a whole did not do this, but a minority group, representing a tiny percentage of voters, had the power to prevent the passage of any tax bill which did not include an attack upon wealth. And the nation had to have a tax bill.

The heavy surtaxes were not put into the bill to raise revenue. Mr. Mellon had pointed out in January that, if the surtax rates on incomes of \$100,000 and upwards were tripled—jumped to a maximum of 60 per cent—only \$120,000,000 could possibly be raised for 1932. Large incomes are today very scarce. An income tax designed for revenue purposes would have dipped into the smaller incomes which are now exempt or have slightly raised the rates all along the line.

Money doesn't keep growing

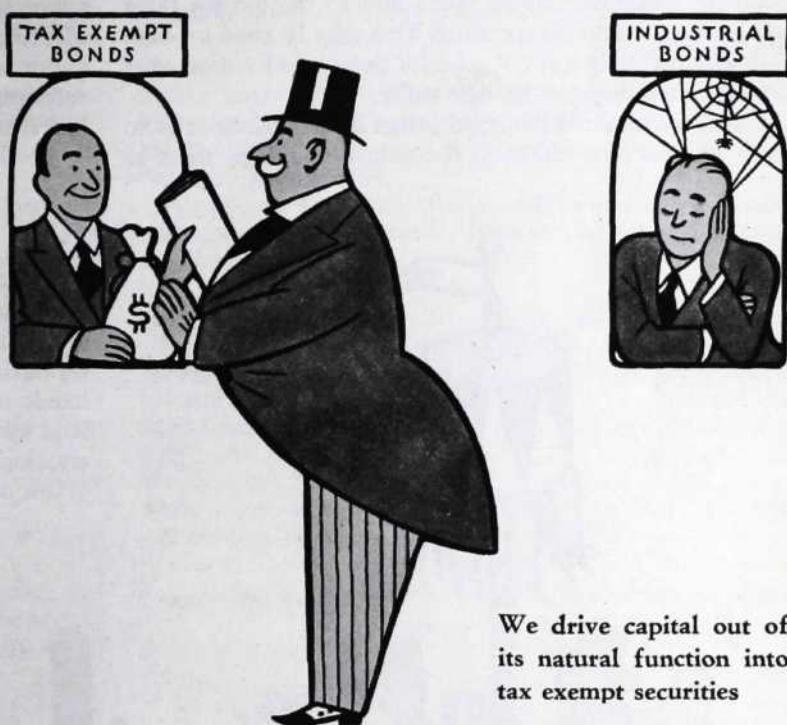
IT IS one of our traditions running far back into the history of England that, if a great fortune were permitted to grow through the years, it might eventually be more powerful than the State. Benjamin Franklin left a sum at compound interest which he thought would, in the course of years, build a water works and do a lot of other things for the City of Philadelphia. Stephen Girard left the largest fortune of his day in such a fashion that the statisticians of the time calculated that by now the Girard trust would own the United States. Franklin's trust has never been anything but a petty nuisance, while the Girard trust, although large, is of no particular moment.

The fact is that no one has yet devised a method by which a large fortune can for long be kept together. The Astor fortune is the only large fortune in this country which is at all old and, being in real estate, its value is uncertain. The big

railroad fortunes of the 'seventies are fading—none of the Vanderbilts or Goulds are today in the front ranks of wealth.

Old fortunes are now small

THE steel and oil fortunes which have passed to the second generation are breaking up, while the more recent automobile and utility fortunes have already, while still in the hands of their original owners, been drastically cut. Mr. Ford has never had a fortune distinct from the operations of his company. It is rare for a fortune to last through three generations. Either it is split up by successive inheritances or scaled down through the depreciation in the value of money. The only really old money fortunes in the world are those of the Indian princes, who will have nothing to do with banks or commerce and keep their funds in specie. Banker fortunes hardly ever last a century. The Rothschild fortune, which is the oldest banker fortune, is no longer of much moment.



We drive capital out of its natural function into tax exempt securities

It is not necessary for anyone to take a firm stand in preventing tremendous permanent accumulations of money. Nature seems already to have taken that in hand. The present tax bill is, therefore, not saving us from the dangers of being vassals to great fortunes. That is not a danger. Then what is it saving us from? Or, if it be not saving us from anything, is it by any chance doing something to us which, except for a few fanatics, no one wants?

If the Government takes away a considerable portion of a man's earnings it would seem to follow that the man would spend less than if he were able to control all his earnings. That, up to a point, is true. A prudent man tries not to spend all that he earns—although the old saws about saving need

a lot of revision in the light of recent events. If the Government takes a portion of his income, then, to keep up his life insurance and to lay by something, he will have to cut down his standard of living. He will be compelled to decrease his purchasing power. This in turn means that his demand for goods will be lessened and that portion of the country's commerce which depended on his buying power will be thrown out of work.

If, because of the high income taxes, the families of moderate means can buy only half as much clothing as before, they will be in no danger of freezing to death. But when we go down the line through the dressmakers' and tailors' employees, the store clerks, the employees of the cotton, woolen and silk mills, and so on, we find that those who have lost their jobs because of the limiting of buying at a point very remote from them may be in danger of freezing to death because they cannot buy clothing. The tax thus hits those it was supposed to help.

Rich men's spending helps the poor

THE situation is not quite the same with those who receive the larger incomes—say, those above the arbitrary line of riches which we have fixed at \$100,000 a year. A man does not have to exert any particular effort to spend a hundred thousand a year.

If he is receiving his income from an estate, he will have no great reason for saving much and so the income taxes will cut deeply into his spending. That may be good for him. But most certainly it is not good for those who lived on what he spent. It is they, not he, who suffer.

But if his hundred thousand comes from a salary or from some other source which, in the nature of things, must be

considered ephemeral, he will have to provide against the day when his salary will cease—so, commonly, he will invest a portion of his income. Ordinarily, being in business, he will be willing to take considerable chances with at least a portion of his savings in the hope of striking something good. In the face of today's income taxes, where and how can he take a chance?

Money is driven out of industry

SUPPOSE he sees an investment which has an element of risk but which he thinks gives a fair business prospect of yielding 10 or 12 per cent. That is about the limit of possible return on any calculated business risk. A return that promises more than, say, 15 per cent is merely gambling and it would be more conservative to play roulette as a means of building a fortune. Our man, however, also sees 5.50 per cent New York City bonds. These he commonly would not look at because he would prefer to take a chance in industry. But these bonds are tax free and, by a little pencil work, he discovers that any taxable security, to give him the same net, will have to yield 12.5 per cent. That is, by taking nearly no risk, he can gain as much as though he took a considerable risk.

Instead of putting out his money into industry, where it can be used to create wealth and employment and add to the income and purchasing power of the people, he elects to finance an unproductive municipal unit. This is for an income of \$100,000.

For larger incomes there is no possibility of any industrial enterprise giving a net yield as great as that which can be had from tax-exempt bonds.

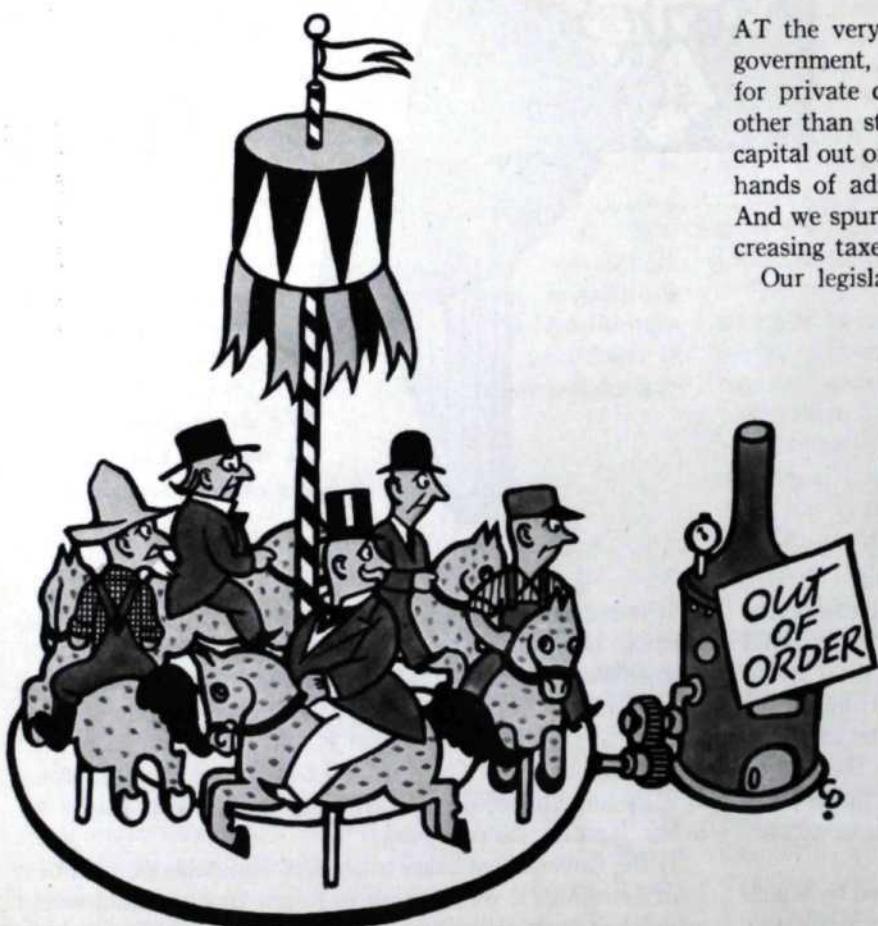
Greater governmental extravagance

AT the very time when we want to cut down the cost of government, our legislatures make it practically impossible for private capital to find employment at a living rate in other than state and municipal securities. That is, we drive capital out of its natural function of creating wealth into the hands of administrative bodies who do not create wealth. And we spur them on to greater extravagances. Thus, by increasing taxes, we increase the need for taxes.

Our legislators started out to destroy Mammon and all his works. They cut down extravagance—which is a descriptive word to denote the other fellow's way of living. But in so doing they cut purchasing power. Therefore they cut employment.

They cut only slightly the margin of saving, but they diverted this margin, which would have gone into creating employment, into the securities which they themselves issue. Out of these securities they may provide employment to perpetuate themselves in office.

But incomes can arise only from the creation of fresh wealth. The political merry-go-round which is run by taxation creates no wealth. In the end the merry-go-round must cease because everyone will be sitting on it and no one will be left to run it. Then perhaps we can live by taking in one another's washing. That, I gather, will be achieving the millennium.



In the end the political merry-go-round must stop because everyone is riding and no one is left to run it

What's Ahead in Washington

W. M. Kiplinger Resumes his Letter Writing

DEAR MAC:

RESUMING correspondence with you about practical legislative and other governmental chores of Washington is just like waking up after a spree. You and I have been on an election campaign jag. We have talked and talked and have thought that we were really settling some big problems.

Of course, in a sense, we have done something merely by stirring our minds and emotions. But we have stirred them over Causes, Principles, Elections and Things. Now the job is to work out the principles in concrete terms of policies and acts. It's not so nice and not so easy.

The campaign frenzy is about at an end. After a couple of weeks for post-mortems, we shall have to get down to work. Congress will be here December 5. You and I are due for a shock at the discovery that there is as much legislative wood to be sawed as when Congress quit last July. The chores have not been lightened by the intoxication of the campaign. The Great Problems are still Great Problems.

Here's a partial list of things about which Congress will be fussing:

Appropriations, budget, economy, unemployment relief, farm mortgage refinancing, public works, veterans, war debt revision, banking reform, price stabilization, inflation, Muscle Shoals, Philippine independence, railroad bills, utility regulation, postage rates, stock exchange, beer, anti-trust amendment, guaranty of bank deposits, unemployment insurance, new taxes.

Not all of these issues will be settled in the next few months, but all of them will make headlines. So it behooves you and me to wake up and brush up on what's coming along.

Business Outlook BEFORE we tackle Washington, let's look around at the business situation, because it is more fundamental than politics:

These things seem certain:

- (a) Underlying conditions are considerably better than six months ago.
- (b) Business itself is getting a little better, but not very fast.
- (c) The absolute low of the depression doubtless was last summer.

(d) Six months or more of painful recuperation and perplexing economic problems are ahead. This period will bring tremendous demands for political remedies, with which the Government must wrestle.

Improvement in underlying conditions is largely in the realm of credit. There is now more money, more credit, more blood. The banks (which are pumping stations) are not closing. Depositors are shifting money from mattresses and safe deposit boxes to bank accounts. Gold has come in from abroad, and every dollar of new gold makes many dollars of credit or lending power. National banks are expanding their currency by converting government bonds (government debt) into ready money. There's plenty of credit.

Credit has been expanded, or diluted, or inflated. This expansion makes the basis for inflation, but it has not yet made inflation. The inflationary effect of expanded credit (plenty of idle money) is not felt until somehow someone starts a little boom, which makes other little booms, which grow into a moderate boom, which then may develop into a big and dangerous boom.

We are all set to boom, but we are not booming. Confidence is returning; but confidence has not yet fully returned.

There is still much timidity, and perhaps much reason for timidity.

But business is getting a little better. The daily news and the statistics show that plants are opening, expanding production, employing more men. This is mainly in the lines making consumer goods—stuff which people use personally, shoes, hats, clothing, food. The improvement is partly seasonal, partly cyclical. People are buying, not merely for the fall and winter, but also to replace the wornouts which have been stretched beyond their normal periods of utility by the economies of depression.

The slowness of business recovery is due largely to one fact: Improvement has not yet come to any great extent in the so-called heavy industries, such as iron, steel, construction, chemicals, automobiles, railroad equipment, machinery. The heavy industries make things not for ultimate consumers, but for industrial use. Without a big pick-up in the heavy industries, there can be no big pick-up in general business, and not even a rapid sustained pick-up in consumer goods, because consumers are wage-earners, and a large proportion of wage-earners are in the lagging heavy industries.

Construction is the one heavy industry in which a little boom would be most helpful to business as a whole. Construction still lags, and one reason is that the effects of easy money have not yet been translated into terms of actual loans, actual capital transactions, which would make building. It appears that no big movement can be expected before next spring or summer.

It appears, therefore, that it will be next spring before business will be sufficiently improved to be visible to the naked eye of all of us.

Unemployment IT IS obvious that we shall have a grievous amount of unemployment for the next six months. Jobless men and their families must be fed and clothed and sheltered. Those of us who have jobs and incomes must share them heavily, through private, semi-public and outright-public channels. This means heavy taxes. We must get further accustomed to the idea of heavy taxes. There is no escape from them. If we dodge them here, they will catch us there.

Encouragement YES, there is reason for encouragement. Look back at the acute crises through which we have passed in the last year, the latest as recent as June. Practically all the statistical signs now point in the right direction.

There will be other crises (focusing of difficulties). Private debt adjustment may make one, perhaps early in 1933. European politics may make one, though no one can foresee clearly the nature of it. Troubles must be expected and accepted.

It seems to me that the right attitude for the next six months is one of moderate encouragement with caution.

There are those who see clearly the troubles still ahead and who are doleful. They seem right in their facts, but wrong in their perspective. They give insufficient weight to the subsoil factors of improvement.

There are others who magnify all little pieces of good news. (The press is prone to do this.) They overlook the unsolved economic problems. They mistake wishes for facts. They mislead themselves and others by giving too much emphasis in the short-range picture to the *optimisms*.

For the long range it seems wholly reasonable to me that

a high degree of prosperity will be restored—quite as high as that of the past, but distributed less unevenly. I can see no reason for assuming that our present level of unsatisfactory prosperity should be considered normal for the next few years. The time element for restoration of real prosperity is not easy to figure, but I think in terms of two or three years from now as a period of genuine prosperity.

By "prosperity" I mean not merely money income, but more leisure from work, more leisure for other things which are quite as ennobling as work. Any way you figure it, this is inevitable.

Economics Make Politics

THE preceding observations on the economic outlook are a necessary preliminary to a consideration of the Washington political outlook this winter. Washington policies and acts have no meaning of their own, except to politicians who make a business of the thing, to political fans, and to political fan writers. Those of us who are engaged principally in making a living need to know more about how politics grows directly out of the economic soil, and are determined absolutely (in the long run) by economic considerations.

Thus, one way of determining approximately what Congress will do on big issues is to look about and see how the country's business is getting along, what it lacks, and what the people will demand. This is a better method than that of merely counting congressional noses, or adding up party totals.

Congress Line-up

MOST of the chores awaiting the coming session of Congress, which meets December 5 and closes March 4, are not much changed by the election because few of the pending bills involve sharp issues between the parties.

In a practical way, it isn't important whether Republicans retain the organization of the Senate or whether the Democrats take it over.

Remember that this Congress is the lame-duck session of the old Congress. It does not include the members newly elected. All bills stand just as they were left when Congress adjourned last July. New bills will be introduced, and old bills revamped, but the session is a resumption rather than a new start.

Bills which are not enacted in this session die at its end, March 4, and this applies to most bills now on the calendar. If they are reintroduced at some subsequent session they must start anew through the whole rigmarole of committee hearings, reports, debates, and so on.

Beer

THINK chances are slightly against the legalization of beer at the short session. Think it is more likely to be left over to a special session of the new Congress which may be called in May. It is uncertain, however, and there is a bare chance for beer. It takes only a majority of both houses to amend the Volstead act—to raise the legal alcoholic content of "non-intoxicating" beverages.

Prohibition Amendment

CHANCES are preponderantly against the voting of a repeal or resubmission amendment at the short session. It takes two-thirds of both houses. The minority can delay it till the session is over.

Taxes

THERE will be no general revision of taxes. Revisions will be minor, of an administrative nature. General sales tax probably will not be enacted to replace the various new special excise and sales taxes.

There will be an effort to shift the electricity tax from consumers to companies, but it will not succeed.

Tariff

NOTHING will happen on tariff, except perhaps some gesturing. No major or general revision should be expected for several years.

War Debts ATTEMPT will be made to recreate the World War Debt Refunding Commission to reconsider and revise the war debts. A feeling of hostility to further concessions to Europe permeates Congress, however. There is a vast doubt in the minds of Congress as to whether Europe will see its way clear to make compensatory adjustments as regards armament, removal of barriers against American trade, etc. I am unable to foresee the outcome.

Farm Mortgages

SOME big step will be taken toward refunding farm mortgages through the Federal Farm Loan System. This will ease the mortgage debt burden by spreading it over future years. It will cut down interest and amortization charges, at least for the next few years. It is possible that the Government will guarantee Federal Land Bank Bonds; this amounts practically to guaranteeing payment of farm mortgages.

Joint Stock Land Banks will be taken more closely under the wing of the Federal Farm Loan System.

Federal Farm Loan System will be reorganized; it needs it. The whole program of reorganization of the System cannot get through the short session, however; perhaps just the groundwork will be laid. Eventually there must be a coordination of all the complicated and messy agricultural loans made by various governmental agencies.

The trend is definitely toward state socialism in the realm of farm mortgages and farm credit. It will cost the Government a lot of money.

The prime purpose is to prevent the foreclosure eviction of farmers from land which they own, which they operate better than some new owners who might come in under foreclosure.

Veterans

CASH payment of the bonus will not be voted. Some slight extension of the loan limit may be made, however. This will be relatively unimportant, either for veterans or for government finances.

Veterans' expenditures will not be reduced, but an "investigation" will be started, leading later to the challenging of 400 millions of the one billion total for veterans, including 100 millions for non-service disabilities, a figure which is increasing annually. The bill to pension widows of World War veterans, already passed by the House, will not be enacted.

Government Economy

GOVERNMENT expenses will not be reduced enough to please business interests. The net reduction is likely to be about \$200,000,000.

To cut one billion from the four billion budget, as advocated by the Democrats, and as explained by Bernard Baruch in NATION'S BUSINESS for September, is worth trying, but I doubt that it can be done for years yet. A Mussolini could, but a President and a Congress won't.

Government reorganization will make a little progress in the short session. The Government needs it badly.

A move will be made toward coordinating federal, state and local taxation, and toward encouraging closer examination of local budgets. Greater economies can be made eventually in local than in federal budgets, because the federal budget is devoted largely to direct or indirect expense of past war.

Banking

THE Glass banking reform bill, providing branch banking and stricter bank regulation, may pass the Senate but probably will not pass the House. New banking legislation is sorely needed.

The Steagall bill for guaranty of bank deposits, already passed by the House, will not be passed by the Senate.

The provision of the Glass-Steagall act, permitting use of government bonds as a substitute for excess gold in the collateral backing of federal reserve notes, will be extended beyond March 3. This is important for the government bonds.

Inflation VARIOUS measures of credit inflation will be pressed, but the only one with good chances is the proposal to refund farm mortgage debts through the Farm Loan System. This is generally inflationary.

The Goldsborough bill for price "stabilization," meaning price lifting by credit expansion, has already passed the House but will not pass the Senate.

R. F. C. THERE will be no great change in the R.F.C. law. R.F.C. already has more powers than it can figure out how to apply.

Relief IT LOOKS as if the Federal Government would be compelled to make new appropriations to aid states in carrying their unemployment relief burdens.

There will be strong pressure for *pro rata* distribution of federal funds among the states in accordance with population instead of need. This seems to be a move in the wrong direction, for it would break down the spirit of local responsibility. This local responsibility is important, from the practical standpoint, because it encourages resourcefulness, and it gets more money.

Federal contribution for unemployment insurance funds of states will make progress, but will not be enacted.

Muscle Shoals PROBABLY no final legislation should be expected.

Railroads RAILROAD legislation is one of those big jobs which Congress is on the point of tackling, but which Congress will not do at the short session, merely because of a divergence of policies as between railroad managements, railroad labor, bankers, the I.C.C., and Senator Couzens. There's unanimity that something ought to be done, but there's disagreement on what. Perhaps the new Coolidge committee can wangle the various group interests into some common program, but it will take time.

It looks as if there would have to be some reorganizations in the financial structures of railroads in 1933. The R.F.C. will not continue indefinitely to support them, particularly if business improves enough to cushion the shocks.

Railroads Like Farms THERE'S something akin in the plight of farms and railroads. Both are needed and must be maintained. Both are overburdened by debts which must be reduced. How?—Either by voluntary action of the creditors (farm mortgage lenders, railroad bond owners); or by assumption of the debts by the Government (refunding of farm mortgages, government ownership of railroads); or by a combination of methods. Remember that governments always tend to undertake the supply of capital to essential institutions or industries whose earning power becomes insufficient.

Anti-Trust THERE isn't much chance of revising the anti-trust laws at the short session. It is the same old trouble—not enough groups can agree on what to do.

There are, roughly, two kinds of anti-trust prohibitions—one against monopoly, one against restraint of trade and unfair trade practices. In the political world "monopoly" is "sacred cow," and the laws against it will not be modified materially for years or decades. The hope of relaxation of anti-trust laws lies in the realm of restraint of competition and unfair trade practices. More specifically it lies in the

gradual establishment of codes of business conduct by business groups themselves.

Business men who talk of a wide-open investigation of anti-trust laws by Congress in the hope that it will result in relaxation, fail to understand congressional politics. Such an investigation probably would show up more monopolistic abuses than inhibitions. It probably would result in tightening.

Postage THE new three-cent postage is now admitted to be a mistake, for it does not bring in much more revenue, and it hampers business operations.

St. Lawrence THE treaty will be ratified eventually, but not at the short session, because a militant minority will delay action.

Short Session Significance THE short session will be important, not so much for finished legislation, but as an indicator of political solutions of economic problems a year or two hence.

Tag Ends —CORPORATIONS have effected so many operating economies that a small increase in revenues will mean a proportionately greater increase in net profits. This is notably true of railroads.

—Many utilities have stopped their propaganda and fired their powerful publicity men. Utilities are resigned to the inevitability of government regulation.

—There's a hopeful attitude toward possibility of accomplishing something at the International Economic Conference.

—Reforms in land utilization will make great progress in the next few years.

—Expect the R.F.C. to make a big push for financing foreign trade within a few months.

—There's no great opposition now to repeal of the stabilization features of the Agricultural Marketing Act.

—One of the unfortunate aspects of a depression is that on the upturn it makes a new pattern of concentration of wealth and a new crop of millionaires. Who will they be?

—The stock exchange investigation will be pushed in due course.

—Practically all legislation is for "special interests." The composite of all these special interests is about the closest thing we have to general public interest.

—Agricultural lobbyists will oppose the development of the Columbia River project; they don't want any more tillable land by irrigation; they want less.

—R.F.C. is having much trouble with politicians who want loans for pet constituents or pet projects without trying to make a technical show of merit.

—Surplus control schemes for agriculture will await the next Congress.

—If industrialists just could be made to see their way clear to modernize their plants now, it would be a big help to business-at-large.

—The R.F.C. is called "The Gift Shop."

Yours very truly,

New Ideas in Distribution

LONG ISLAND strawberries went to market this year in new green paper-board shipping containers and transparent paper-topped boxes. Long Island farmers got two to five cents more on the quart for them.

ONE can dial for his dinner in Washington. A telephoned order brings a motorcycle courier to the door with a hot chicken dinner for four. Price, \$1. Or, from 9:00 a. m. to 7:00 p. m., the busy man can ring Child's and have meals brought to his desk by uniformed messenger—35 cents for breakfast, 35 cents and up for other meals.

ANOTHER innovation in food distribution is the sale of five-cent pies for workmen's lunches through vending machines placed in or near manufacturing plants.

"FREE electricity for three months" helped electric refrigerator sales in Kansas City, Mo. A coupon good for approximately 100 kilowatt hours was given with each refrigerator sold.

SEVERAL ice companies are offering to keep their patrons' ice boxes—if the boxes pass inspection—iced at all times for a flat sum each month.

ANOTHER ice company, in Los Angeles, gives 24-hour service through 33 automatic vending machines spotted about the city, each holding 5,000 pounds of ice and delivering it in wrapped cakes at the drop of a coin.

TO keep customers coming back to retail stores a scales company is promoting a "health budget plan" under which retailers will offer patrons free weight plus a free health record book containing spaces for daily entries.

"TRADE-IN" allowances continue to spread. Latest include new lamp shades for old, plus cash, of course, offered by a Cleveland store; a large pen company's allowance of \$2 on a new pen for an

★ NEW means and new methods of moving merchandise are constantly coming over the horizon, some to grow great, others to appear only to disappear. Whatever their destiny, however, the wise distributor will give them their meed of attention

old, gold-pointed one; an electric alarm clock maker's allowance of \$1 for your old awakener, no matter how battered.

A LYNN, Mass., department store in August offered to "rebuy all sheets bought during this sale at any time from October 1 to November 1 at ten cents each above prices paid during the sale." Whether August buyers turned October sellers we haven't heard.

"BURIED treasure" drew excursionists to Catalina Island recently. Five hundred dollars was hidden about the resort, in tokens worth from 25 cents to \$100, by the Catalina Island Transportation Company. "Find enough—maybe more than enough—to pay all your expenses," urged the C. I. T. Co.

BURIED treasure of another kind is used by Frigidaire to stimulate its canvassers. Before a neighborhood is canvassed a distributor sales manager picks a prospect there, arranges with her to be at home on the given day. The lucky salesman who discovers her gets \$10—if he's good enough to get inside and make a sales demonstration.

"SALES DAY" in Miami, Okla., has grown into a sizable outlet for surrounding farmers' surplus live stock. More than \$350,000 has passed through the sales ring in the past four years. The event has been incorporated, merchants have subscribed for stock, and a sales pavilion and stock pens have been built. Farmers pay a small commission for selling. The event is self-supporting, has built up a reserve.

AN enterprising Elk City, Okla., general store owner has revived his faltering

business by installing a row of hitching posts and a watering trough in front of his store. Keep up with your customers, even if they go back to buggies.

A COSMETICS manufacturer is stimulating sales among the co-eds by packaging his products in containers emblazoned with the colors of the school.

"HOMITOSIS" has been discovered in St. Louis and may sweep the country. It seems that it means bad taste in home furnishings. The furniture industry views the outbreak with some alarm but is ready with a cure.

POLITENESS helps gasoline and oil sales, thinks the Texas Company. Texaco truck drivers are under standing orders to stop and help stalled motorists, and to let faster cars pass them.

INK purchases are being stepped up from the dime to the dollar class by one manufacturer through an ensemble package which holds four bottles of delicately colored inks. Feminine writers may match their ink to their mood, or to their note paper.

A NEW ORLEANS taxi company is wooing trade by equipping its 20 cabs with radio receivers. Drivers proffer passengers their choice of stations.

SPONGE rubber scrap, sold as waste, brought the Sponge Rubber Products Company a cent a pound. Now they're selling it packaged with two tubes of rubber cement and an instruction book which tells youngsters how to cut and glue the scraps into toy animals, etc. Sponge rubber scrap, sold so, now brings the company eight cents a pound.



LEWIS W. HINE

In no previous crisis has so much thought
been given to caring for the employee

How Business Fights the Wolf

By WARREN BISHOP

Managing Editor, NATION'S BUSINESS

AMERICAN business has been called "headless" often enough. It can't justly be called "heartless."

Its leaders have been told that they lacked vision and leadership. Perhaps they did. It's easy to look back over the past three years and tell men they ought to have known in 1929 what to have done in 1931.

But there has never, I venture to say, been an industrial crisis in America where so much thought, so much time and so much money have been devoted to helping the worker over hard times, to lessening or cushioning the shock and distress of unemployment.

How did business go about this job? There are countless answers to that question for no two companies tackled the problem in quite the same way. Loans, direct cash aid, staggered work, repair work, small plot farming, these were some of the ways.

NATION'S BUSINESS has asked a number of executives in American industries to tell how the job was done. Here are a few from different lines of business and different sections. They all tell stories, not only of good management, but of human sympathy.

Let's start with the Gorham Manufacturing Company, makers of silver-

● LOANS, direct cash aid, staggered work, small plot farming and repair work are a few of the means to which business has resorted to cushion the shock of this depression to its workers. The actual incidents mentioned here are only a few of many in which companies have put humanity ahead of profits

ware at Providence. E. C. Mayo, President and General Manager, is speaking:

By the summer of 1930 we realized that the situation was acute and probably of long duration. Therefore it was necessary to set up policies and machinery for a long siege.

Our entire personnel was classified with respect to family responsibilities, length of service and individual efficiency. During years such as 1927, 1928, and 1929, it was natural that undesirables should creep into an organization. These were eliminated. Those who were left were put on staggered time so that there was sufficient work for all at reduced hours, but at no reduced hourly compensation. This took care of the situation reasonably well during 1930 and early in 1931.

During the winter of 1931 our employees began to feel the pinch and the management let them know that the time of the executives of the company was available for conferences as to their financial problems. In the spring of 1931 it was plain that practically all our employees who did not have savings would need some financial aid as they had life insurance premiums, mort-

gages on their homes and some personal loans to meet.

About 85 per cent of our employees are Anglo-Saxon and a large percentage of our skilled workers have been with the company 25 years or more. I emphasize this because our plan could not be adapted to every organization.

I concluded from my personal investigations that our employees who were in financial distress did not want charity, but credit. As a result I set up the so-called Gorham Loan Plan.

This gave men a chance to borrow without interest sums which were regulated by length of service, number of dependents and, in general, home conditions. Any week a man's earnings fell below a certain sum he could borrow from the company. A man with four in the family, for instance, whose earnings fell below \$20 a week might borrow the difference to be repaid on terms to be agreed on when he was again working 75 per cent of normal time. Many larger lump sum loans were made after a personal consideration of each case.

This plan allowed those who were in the hands of high interest loan companies to



As a part of its relief program, the American Rolling Mill Company provided 229 acres

pay off the indebtedness and start fresh, provided funds for the immediate liquidation of unpaid interest and life insurance premiums and helped employees care for their families.

This plan has been in operation 18 months and it has done much to bolster the morale of our organization. Those who have used it have been grateful and many men who have not yet used it have thanked me personally for establishing it because it has given them a sense of security.

In addition to the loan plan we have created employment by building concrete walks around our plant, painting the entire inside and outside of all of our buildings and overhauling equipment.

It has been interesting to watch skilled silversmiths become skilled painters. These men, used to doing fine precision work with their hands and eyes, have done the painting job with surprising skill.

We have also established gardens for our employees, providing the land, seed and fertilizer.

A policy of sharing work

TURN from silver to gasoline and ask what Standard Oil of New Jersey did. Theirs is not a luxury business, but it is subject to marked fluctuations in demand. Its policies in this depression have been largely based on the experiences gained in previous days. Said C. J. Hicks, executive assistant to the president:

The company has made a point of providing work for as many as possible of its employees, particularly those of long service. This has been done mainly through work-sharing. As a rule, employees have not worked less than half time. In some instances, appropriations have been made for repair and maintenance work to give employment.

Some layoffs have been necessary. In these cases comparatively inefficient men and those of short service were dropped first. In the rare instances where employees who have ten years or more of service or

who are 60 years old or more have been laid off, a Company rule requires that the case be referred to the main office at New York for possible transfer to other companies, or for layoff in accordance with established rules. Since July 1, 1932 when a maximum five-day week was put into effect, there have been no further layoffs and some new employment.

To employees permanently laid off because of lack of work, the Company has for some years paid layoff allowances varying with age, length of service, and normal earnings. These payments range from one or two weeks' notice to substantial cash payments or modified annuities.

The Company and its employees have been active in supporting relief work not only for laid-off employees but for communities where the Company operates. In some of the larger centers, employee associations have collected and distributed relief funds made up of contributions from the Company and its employees. In an organization spread in many different localities and embracing all types of labor, it is natural that opportunity arises to employ practically every type of relief, varying from cleanup jobs in refineries to the donation of land for truck gardens in the widely scattered production fields.

A good example of the way a middle-sized industry faced its problems is provided by the Leeds and Northrup Company, of Philadelphia, makers of electrical measuring instruments and pyrometers. This company, which has a force of highly skilled workers, is sharply hit by cyclical depressions because its products form part of the capital investment of industry which is not greatly increased or replaced in bad times.

Morris E. Leeds thus explains the company's unemployment relief program:

First, the company has pursued a policy of slow-hiring on the up-swings, adding no people until the need appears to be permanent, thus sharing prosperity with work-

ers through overtime work. Second, if business drops below normal, standard articles are manufactured for stock, substantial but safe reserves being set up for this in times of prosperity. Third, if continued depression makes retrenchment unavoidable, an unemployment benefit fund, established in 1923 and maintained through the upswing at twice the maximum total weekly pay roll of the preceding 12 months, is available to protect workers against short time or lay-off.

This program was devised to meet a recession somewhat more severe than that of 1920-21, and it would have met these requirements without strain. The program still has served to postpone and cushion unemployment; as late as the first half of 1931, for instance, employees' income averaged 95.3 per cent of their 1928-29 purchasing power. Even more important, perhaps, it developed a staff solidarity valuable beyond appraisal in the ensuing adjustments.

Specifically, reduction of hours (three corresponding ten per cent reductions for salaried workers), transfer and lay-off have been used to preserve a maximum balanced force, and although a total reduction from more than 1,100 to the present 500 workers has been necessary, protection has been given to all as follows:

1. Those laid off and receiving more than \$50 a week received at least two weeks' notice and from two to seven weeks' pay as dismissal wage, according to length of service.

2. Persons receiving \$50 or less a week are covered by the benefit plan. For those laid off, the \$90,000 reserve accumulated in 1923-30 has provided 50 per cent or 75 per cent of their normal full-time pay, according to their dependency status, for from three to 26 weeks according to length of service. This fund has also provided compensation at the same rates and for the same periods for losses due to short time. A gratifying number have been able to find comparable new employment within the period of their benefit; for those less fortunate

3. The company has made \$6,900 in cash loans without interest in amounts up to \$200 to 81 different people.

4. By voluntary subscription among offi-



of land for employee gardens

cers and staff approximately \$15,000 has been raised for special relief to which the company has recently added \$5,000. In the community's greater need, \$5,500 of this was voted to the city's central relief fund, \$8,000 has been distributed in orders to 86 former employees or present employees with large families, and the \$6,500 balance remains for milk, groceries, rent or coal.

The company's one regret is that it did not foresee the longer depression and accumulate a larger fund.

South Bend, Ind., is a city of 100,000. Studebaker is one of its leading industries. When unemployment hits Studebaker, it hits much of South Bend. Balanced against that was the fact that South Bend was near open country and that Studebaker workers were, many of them, familiar with farm work.

Shortened work schedules

THE first thing Studebaker did was to figure how to distribute the available work among the greatest number of men. Here's their program as described by James H. Greene, manager of their cooperative department:

In the spring of 1930 it became apparent that relief of our employees was inevitable as a result of short working schedules. A study was first made to show the size of force necessary to produce reasonably expected schedules.

It was then decided that no new men should be taken on and that, so far as possible, work would be spread and operations staggered so that as many as possible might be employed.

A system of lending employees was established. Departments which required additional men borrowed them from other departments which had more employees than immediately required.

When lay-off was absolutely necessary, men who had the least family responsibility were released.

A number of older men whose service



Workers from the Ford factory cultivating soy beans on the Company's experimental farm at Dearborn, Mich.

records did not permit their retirement on pension could not be placed on regular work. For them a special department was established. This department was used to do odd clean-up and maintenance jobs. At times as many as 100 men were employed in this department.

Many employees could not obtain credit for groceries or fuel. For them, Studebaker, in 1930, established a system of extending credit to employees who were not working or whose earnings were insufficient to provide the necessities of life. The procedure in making these loans is as follows:

An employee applies at the Cooperative Department Office for either groceries or fuel. He signs an order for the amount of the loan which provides that, upon his re-employment or return to substantial earning capacity, he will repay the loan by weekly deductions from wages. The amount of the loan depends upon the size of the family and its needs. Grocery loans are extended on the basis of approximate needs of the family for one week and loans are made weekly until the employee is returned to an earning status. A depot handled by the

manager of the factory cafeteria, distributes the groceries at wholesale cost plus a handling charge. Coal is sold to employees at cost to the Corporation, which also absorbs the expense of delivery.

The Corporation has also financed medical attention for employees who were temporarily unable to pay, repayment being handled in the same way as repayment for grocery and coal loans.

When it is apparent that employees will not be able to repay, the loans are written off as donations. Since this plan was established \$330,000 has been loaned to employees. Of this, \$235,000 has been repaid.

In 1931 the Corporation allotted several acres of ground to employees who desired to raise vegetables. This year a great many employees took advantage of this plan. Additional acreage was leased and divided into plots of 50 by 50 feet to 50 by 150 feet which are allotted to employees. Six hundred employees now have gardens under the plan.

In the 1931 harvest season more than
(Continued on page 54)

No Business Can Escape Change

★ WHILE the depression has developed no noticeable lag in the steady march to market of new products, its end bids fair both to accelerate and expand the movement. Many new things, we are told, are waiting only resumption of purchasing power to make their bows to buyers.

A NEW device will bring illustrated lectures on bridge or other subjects to your home, carry talks to salesmen, etc. A telegraph messenger boy delivers and operates the equipment, which coordinates still pictures with sound reproduction. . . .

COMPACT, moderately priced photo-electric cell outfits are now on the market. Controlling electric circuits through either interruption or completion of their light beams, they can be used to count or inspect objects, open doors, etc. . . .

FOR cool days there's a new electric screen which keeps one comfortable when placed around or near one's desk or chair. For cold nights there's a new electric blanket. . . .

A NEW gas furnace operates as an auxiliary to the present warm air furnace. Gas is used in ordinary winter weather, coal during severe cold, thus eliminating peak gas bills. . . .

COLORED tires are achieved through a new liquid sidewall finish, said to be easy to apply, elastic, fast in color. . . .

SLIPPED inside used aluminum pistons, a new expander is said to restore the piston's original shape, stop piston slap. . . .

A NEW outlet for cotton is seen in the use of cotton sheeting, permeated with a bituminous compound, to patch or entirely cover old roofs. It is said to be economical, effective. . . .

A BRICK pavement filler has been developed which is said to be nonsoftening and nonskid. A new method of application leaves a minimum of the filler on the surface. . . .

A NEW light-weight and economical veneering brick is applied in conjunction with steel strips. It can be used to modernize old frame construction or to veneer new work. . . .

A RECENTLY developed small safe has a slot to receive receipts, a lock which opens only at a fixed interval after the combination is worked. Two-key locks are also offered; one key is kept on the premises, the other by a bank collector. . . .

A COMPACT chromium plating unit has been devised for machine-shop use in plating tools and parts. . . .

A NEW lacquer veneer permits reproduction on metal of anything that can be photographed. Drawing and forming operations are said to leave the veneer coating unmarred. . . .

A NEW, small die-casting machine handles all common die casting alloys, permits quick die changes, is convertible into a permanent mold machine for casting brass. . . .

A TUNGSTEN-carbide tipped circular saw has been developed to cut asbestos compositions, ebony, hard rubber, plastics, linoleum and other fibres containing glues or grits. . . .

ELECTRIC scissors are now available. They are said to operate with speed and ease on all kinds of materials. . . .

A VISUAL record of practically any machine's productive time, idle time and causes of the latter is supplied by a new device which also tabulates this data on a printed record. . . .

"LAYING batteries," tiers of individual metal coops in which hens are permanently caged, are being offered poultrymen. Eggs are delivered from the cages automatically as soon as they are laid. . . .

ICE cream is reaching the retailer in a new form—a package which fits his old cabinet and contains a dozen individual servings in paper-wrapped cylinders. Wrappings peel off easily; use of scoops and container cans is eliminated. . . .

FOR the reader addicted to making marginal notes there's a new flat pencil which also serves as a book mark. . . .

A NEW double-headed shipping drum permits shipment of advertising or other matter with the drum itself. The removable protective head, lithographed, serves as a dealer sign. . . .

A NEW detachable outdoor electric meter needs no cover, is quickly installed or removed. And for testing meters there's a new portable tester which eliminates calculations, cuts testing time, is said to give laboratory accuracy. . . .

—PAUL H. HAYWARD

EDITOR'S NOTE—Material for this page is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business information into our offices in Washington. Further information on items mentioned here, which are of interest in connection with your own business, can be had by writing us.

What of the Chamber of Commerce?

By RICHARD F. GRANT

Chairman of the National Chamber's Committee on Local Chambers of Commerce

FOR years I have been a consistent supporter of chambers of commerce; but during the past year, as Chairman of the National Chamber's Special Committee on Local Chambers of Commerce, I have had renewed occasion to observe closely the work of these organizations on a widespread front.

One conclusion is inescapable—chambers of commerce, in an important time of testing, have measured up to the demands of business and of society at large, performing indispensable service, and operating as a constructive force in the communities they serve, and cumulatively in the national situation.

In addition to their continuing functions, a marked manifestation of the virility of the chamber of commerce movement has been disclosed during the past two years in the readiness with which large numbers of chambers have been able to readjust themselves to changed economic conditions, and to prosecute successfully various types of emergency activities. In all this there has been displayed not only a high degree of organization efficiency, but frequently something of the dramatic.

Averting bank failures

FOR example, one of the serious aspects of the whole economic situation has been the number of bank failures that have added their burden to an already overloaded situation. Large numbers of these failures have come suddenly, so that little or nothing could be done. But in an encouraging number of cases the failure of banking institutions, with the consequent blight which is cast upon a community, has been averted by prompt action on the part of chambers of commerce; and in other instances banking establishments that have been closed have been promptly reopened by reason of effective chamber action in the mobilization of public sentiment. Sometimes they have supplemented this by raising large sums of money.

On a certain day, a prosperous southeastern manufacturing city was stunned to learn that one of its leading banks had been closed. Word spread rapidly. When the secretary of the chamber of commerce reached his office, which was on the second floor across the street from the city's other most prominent bank, he looked out upon milling crowds of excited people and upon long queues forming. A run on that institution promptly started, but it was scarcely under way when the chamber of commerce went into action.

While the queues were forming, a meeting was hastily summoned in the chamber quarters. Officers of the bank revealed that it was solvent and that arrangements had been made for the im-

portation of currency. The editor of the afternoon newspaper was called in. His sheet usually issued about 2:30 in the afternoon. He agreed to get it on the street by 11 o'clock—and he did so, by what magic of newspaperdom nobody knows, because it was past nine o'clock when he was requested to get it out. Within two hours from the time the run started newsboys were placing in the hands of waiting depositors papers carrying eight-column assurance that the bank was sound and could pay every dollar. The run was broken.

In the Middle West, a certain small city was terrified last January to learn that a large bank in a neighboring city had closed. A run was immediately started upon the local banks. The chamber of commerce, realizing what was at stake, called a conference of business leaders, which was followed by a meeting of the board of directors with city officials and bank directors. Within a few hours committees were interviewing depositors and obtaining signed pledges not to make withdrawals. That night at midnight there was a meeting of depositors, committee workers and bank officials, at which assurances were given and forms were signed agreeing to withhold withdrawals. There was much other work, the details of which I need not enumerate. On the morning of the fourth day the run was broken and business was resumed as usual.

Helping retailers, too

IN A certain industrial city of the East the temporary closing of three banks tied up, among other funds, Christmas savings totalling \$200,000. In addition to the general depressing effect which this had upon the whole community, the impounding of the Christmas savings money was a severe blow to the retail merchants. The chamber of commerce came forward with a plan whereby depositors assigned to the chamber the Christmas funds they had tied up, and the chamber arranged to advance on such

(Continued on page 61)



Richard F. Grant



CHAMBERS of commerce have filled a vital place in the life of our communities. Collectively they bulk large in our economic machinery. They are conservative of our best institutions. Now especially they are needed in the work of business reconstruction



H. ARMSTRONG ROBERTS

The railroads were the first industry singled out for our experiment in government regulation

THE public interest in policies which will preserve the solvency of the railroads and establish their credit on a sound basis lies not only in the need for adequate railroad services but also in the large holdings of railroad securities by the fiduciary institutions of the country.

Commercial banks and mutual saving banks hold more than \$2,700,000,000 of railroad bonds; life insurance companies own \$2,600,000,000, while educational institutions, hospitals, religious institutions and other public and semi-public agencies hold another billion dollars of such bonds. Sixty per cent of all the fixed obligations of the railroads, therefore, are held by fiduciary institutions.

Producers and consumers also have deep concern in the conditions which brought the railroads to the extremity last year of seeking higher freight rates in a time of declining commodity prices.

It is with genuine concern, then, that the public finds the railroads, which it was once accustomed to look upon as towers of financial strength, appearing as humble suppliants for government credit to enable them to meet their obligations and lift the threat of bankruptcy. It is this concern which prompts us to ask why the railroads have thus fallen from their high estate; why they have been so laid open to the storm of depression that they are obliged to run to government shelter.

The answer to these questions, in the opinion of a committee of the U. S. Chamber of Commerce which has studied the railroad situation in all its ramifications, lies with Government as much as, if not more than, with the railroads. The roads were the first industry singled out for our great experiment in governmental regulation—an experiment which has since been extended to trade, to phases of agriculture and is even now reaching out to power.

This experiment has now progressed to a point where railroad activities are completely dominated by the Interstate Commerce Commission. This federal commission virtually

What Has



To Study Railroad Problems

THE seriousness of the railroad problem is evidenced by the recent appointment of a committee of representative men headed by former President Coolidge to study the situation and "recommend a solution which . . . will insure an opportunity for the railroads of this country to operate on a business basis."

The invitation to serve on the committee was issued by a group of insurance companies, banking associations and allied groups of holders of railroad securities. Those who have consented to serve with Mr. Coolidge include Bernard M. Baruch, director of the Baltimore and Ohio Railroad; Alfred E. Smith, former Governor of New York; Clark Howell, Sr., publisher of the Atlanta *Constitution*; and Alexander Legge, former chairman of the Farm Board.



dictates national railroad policy. It fixes rates, supervises financing, controls operation, approves elections of directors, scrutinizes equipment and directs the distribution of cars. It is, in effect, a little government, exercising legislative, judicial and administrative powers all in one—set up to regulate the railroads of the United States.

No one will contend that judicious regulation of public utilities is unnecessary or that the railroads could have escaped altogether the general effects of the depression. Neither will any one charge the membership of the Commission with personal incompetence. They have been, on the whole, men of high ideals and exceptional ability. If a mistake has been made, it is not in the men who administered the system but in the system itself.

Responsibility cannot be shifted

"THE plain fact of the matter," says the Chamber's committee, "is that wise, economical and efficient management is not assured by rigid regulation. The wisest, most economical and efficient management is where responsibility for the operation and the earnings of a property rest upon a management whose responsibility may not be shifted to some regulating commission."

The committee's report was ordered to a referendum vote of the membership by the Chamber's board of directors. It

Happened to the Railroads

By Merle Thorpe

proposes new national transportation policies designed to put the railroads on a sound basis so they will be able to maintain their credit, protect their workers and continue to give needed service to the public.

Specifically the committee proposes the stabilization of railroad credit by allowing the carriers greater flexibility in earnings, according to business conditions; a revision of the rule of rate-making and retroactive repeal of the recapture clause of the Interstate Commerce Act; simplification of regulation and elimination of unnecessary interference with railroad management, and the adoption of measures which will enable the railroads to adjust their organization and operations to economic conditions and give them fair opportunity to meet the competition of other forms of transportation.

On the committee which drafted this report were 12 business leaders, including shippers, industrialists, bankers and railroad executives. Judge F. C. Dillard, of Sherman, Texas, was the chairman.

A study of the report and of railroad history reveals how regulation follows investigation in the vicious circle of expanding government activity.

Eliminating abuses

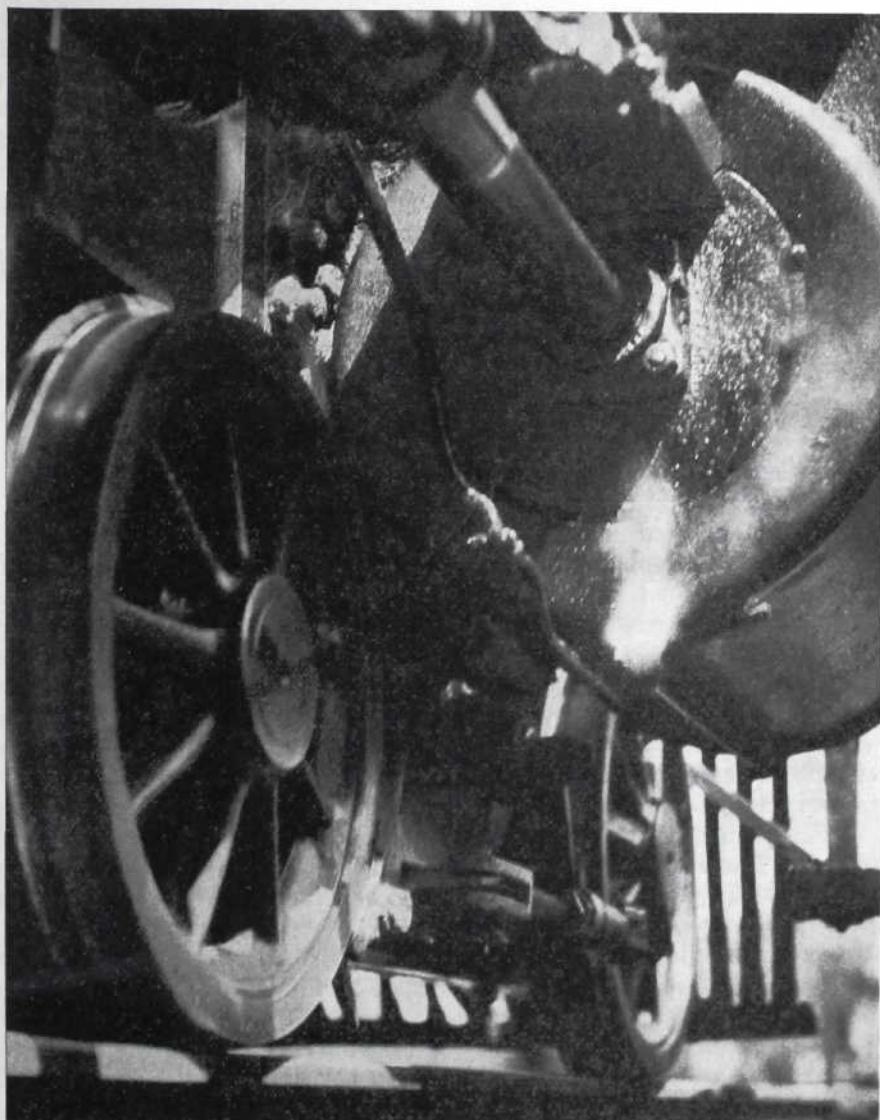
THE framers of the Constitution, when they drafted the interstate commerce clause, did not contemplate giving Congress authority to supervise and restrict interstate commerce. Their purpose was solely to prevent the states from setting up barriers to the free flow of trade. But in 1887, Congress, in response to the outcry against rate discriminations and other abuses, created the Interstate Commerce Commission. It did not pass prohibitory laws. It said, in effect:

"This is a complicated question. Congress cannot define a reasonable or an unreasonable rate. Therefore, we will set up another little compartment of government, manned by experts, to deal with it exclusively and give it authority to stop these abuses."

That, at first, was as far as regulation was to go. The purpose was to see that railroad rates should be reasonable and nondiscriminatory. As late as 1897 the United States Supreme Court ruled that the Commission had no authority to prescribe rates to "control in the future." It could prevent evil practices. It could not compel the roads to follow practices it deemed good.

But the door was ajar. To open it wider was only a matter of succeeding legislative measures. To the original simple regulation has gradually been added a multiplicity of requirements. Some of these are desirable and should be retained. Many, however, were added because of a former monopoly character of the railroads which has since disappeared because of competition from other forms of transportation. Other features of the added regulation were unnecessary in the first place.

The total cost of this regulation has reached alarming proportions. The direct cost to the taxpayers is only a small part of it. Expenditures of the Commission in the fiscal year ending June 30, 1932, are estimated at \$9,000,000. Estimates for the next fiscal year are \$8,725,000. But to these must be



Railroad regulation, once limited to the fixing of reasonable rates, today extends into operation and mechanical detail

WILLIAM RITTASE

added the cost to railroads and shippers. Exact figures are not available but an idea may be gained from a few instances.

The present rule of rate making, adopted in 1920, made necessary the continuance of valuation work first started in 1913. Up to June, 1931, this valuation work had cost \$178,000,000, of which the railroads spent \$138,000,000 and the Government \$40,000,000. In spite of this expense all the work to date is subject to review by the courts.

Long and expensive investigations

IN THE grain case—part of the investigation under the Hoch-Smith Resolution—50,000 pages of testimony were transcribed at public expense and an equal number of pages of printed briefs, arguments and pleadings presented. Hundreds of witnesses appeared, many of them highly paid experts. The proceedings extended from May, 1927, to April, 1931, and the question is again before the Commission following an appeal to the Supreme Court. The aggregate of traveling expense, printing, office rent and other outlays for this investigation would reach large figures. This cost was distributed among railroads, shippers, state commissions and the Interstate Commerce Commission. In view of the successful appeal to the Supreme Court and the reconsideration of the case, it is doubtful whether this expenditure was justified. Some 16 investigations—not all so extensive—have been conducted in response to the Hoch-Smith Resolution.

In the period from 1927 to 1931 inclusive, the Commission disposed of 9,798 cases under formal procedure, held 7,049 hearings and took 1,254,403 pages of testimony. Approximately 150,000 tariffs are on file with the Commission. These are, of course, under constant revision. As indicating the extent of these changes, 110,420 tariff publications were filed in 1931. In addition, 1,319 publications were rejected. Correspondence concerning tariff matters involved the writing of 24,030 letters by the Commission and the receipt of 33,362 letters. The annual cost to the railroads of compiling, printing, filing and distribution of tariffs reaches many millions of dollars. Additional expense is incurred through the tariff requirements of the State Commissions.

In addition to the expense involved, all these matters take up the time of railway representatives and tend to hamper railroad managements in prompt action as well as depriving them of their proper responsibilities of management.

Nor does the Commission limit its interest to rate questions. Among its recent activities have been investigations on the subjects of fire doors, power-reverse levers and automatic stokers for locomotives.

In the fire-door investigation, it was necessary for the railroads to send men to Washington to appear before the Commission. The power-reverse lever is a piece of equipment which the roads have voluntarily installed on many locomotives. The Commission's investigation has been under way two years and involved the attendance of 200 witnesses.

The installation of automatic stokers on all locomotives, which the Commission is now investigating, would cost \$160,000,000. It is impracticable for many locomotives and its desirability on others is mainly a question of economy.

Automatic train control is another field where the Commission's efforts have resulted in heavy expense with little public benefit. Under Commission orders this feature has been installed on many roads. Now the Commission has authorized discontinuance of all work on this and has approved the dismantling of some of the installations. On the other hand, certain railroads where automatic train control was really desirable and economic have proceeded voluntarily far beyond the Commission's requirements.

Comparable to this excursion into the field of mechanical detail was the Commission's investigation into the necessity for cab curtains on locomotives. After a series of hearings the Commission ordered that all locomotives operating in a certain territory be equipped with back and side curtains and storm windows. This investigation originated on complaint of enginemen in Wisconsin, but the major conditions of the Commission's order were made to apply to 36 states. It was also ordered that oil-burning locomotives must take air for combustion from outside the cab and not the interior.

Limitations on the length of trains in Arizona increase operating costs and interfere with railroad efficiency. Obsolete tariff regulations and drastic criminal statutes interfere with experimentation with new and cheaper methods.

It is more than a little difficult to perceive just how such activities as this further the public interest. Nor can they be justified on the ground that the railroads need Commission impetus to carry on experiments leading to greater safety, efficiency or economy. History shows that, entirely without government urging, the railroads have dealt with more than 3,000 problems in which specifications, rules and standards of importance have been adopted with resulting financial savings to the roads.

As a result of these investigations, locomotives have been developed which give more power although consuming less fuel. Last year the railroads required only 137 pounds of coal to transport 1,000 tons of freight and equipment one mile. In 1920 the same task consumed 197 pounds of coal.

One road is effecting a saving of \$1,000,000 a year through chemical treatment of water to prevent corrosion and rust in locomotive boilers. Another chemical treatment has tripled the life of cross ties, saving sizeable sums.

Other studies have prolonged the life of car couplings by five years and developed new standards for draft gears.

Railroads seek greater safety

IN THE field of safety, the railroads have developed the rail fissure detector car which, in passing over a track, detects defects in the rails and marks the spot with a dab of paint. New signalling systems, too, which reproduce in the engine cab the signals which govern the operation of the train, have speeded up schedules and lessened accidents.

Other railroad experiments have led to the adoption of rail motor cars on lines where traffic does not warrant operation of steam trains, have increased the capacity of freight cars without increasing weight, and have developed tank cars adapted to transporting acids or inflammable materials.

The savings made possible by these examples of railroad initiative, however, are overbalanced by the expenses incurred as a result of regulation which hampers management and prevents flexibility to meet changing conditions.

The conclusion of the whole matter is that the time has come for the simplification and economy of regulation both in the interests of efficiency and relief of burdens upon the taxpayers; and that authority should be handed back to the railroads to manage their properties except as to matters essential to assure fair rates or public safety. Relieved of its multiplicity of non-essential duties the Interstate Commerce Commission could handle its essential business better than under the present scheme. The vast organization and numerous hearings relating to details of equipment and operation could be withdrawn from government commissions entirely and left in the hands of railroad management itself. And these managements, freed from this hampering and time consuming regulation of detail, could better perform their broadened service of transportation to the public.

Production and the Sherman Law



By
**AMOS L.
BEATY**

President, American Petroleum Institute



THE Sherman Law was passed to safeguard the public interest. A feeling is now growing up that, in the natural resource industries, it is doing exactly the opposite. Mr. Beaty explains this view and tells why not only producers but consumers as well are feeling its effects

This does not mean that overproduction in general is a subject that must remain untouched, but the case is doubly clear when we are considering the economic waste of a limited and irreplaceable natural resource.

It may be argued that the Rule of Reason—an unwritten part of every anti-trust law—takes care of a majority of all worthy situations. That probably is true in a sense but lawyers do not agree on this point and business men dislike to take chances. Why should the law be left in doubt?

It would seem that Congress should recognize the dilemma in which American business now finds itself. A legislative declaration in favor of reasonable agreements to avoid overproduction and balance supply with demand would be a service to the nation, and the enactment of proper safeguards against abuse should not be a difficult task.

For three years the world has been suffering from overproduction. Our own country, with its machines and mass production, has been the largest producer and, therefore, the chief offender. We have swung from the schemes and combinations of forty years ago, which the Sherman law was intended to end and prevent, to a free-for-all orgy of overproduction and ferocious competition. Regardless of which extreme is

worse, a sufficient commentary upon the present is the fact that surplus food has caused thousands to beg for bread.

Lack of coordination is the fault. As the law now reads, or is construed by many, there can be no coordination of the units of an industry in this vital matter of production. The country construes the law to mean that competing units may not agree to restrict production even when the public interest would be served or a national calamity averted. It understands that even limited and irreplaceable natural resources are subject to raids and dumping and must so remain until the law is changed. Does the country like the present situation or would it welcome the change?

Congress has the responsibility, not only of interpreting the public will, but

WITH all deference to the economists who say that the Sherman Act should not be changed except to make it more stringent, it is safe to assert that some modification is needed. Conspiracies in restraint of trade and combinations or agreements which operate unreasonably in that direction must of course be prohibited. But it is often in the public interest to restrict production of given commodities for a period. Certainly the overproduction of an irreplaceable natural resource, the crowding of its products into fields which are better left to more plentiful resources, and demoralization of commerce which usually follows such displacement, make a clear case for restrictions.

of doing so seasonably. In supporting the referendum of the Chamber of Commerce of the United States¹ the committee advanced arguments which would seem unanswerable. They leave little to be said on the main proposition. The plan of having a federal tribunal to pass upon agreements, lest the public interest suffer, may be essential. It is not easy to define the conditions which in themselves and without the decision of some tribunal would warrant agreements restricting production. Such agreements might be legalized during periods of overproduction and physical or economic waste, and it might be enacted that their justification should be deemed conclusive when and so long as production in the United States, together with imports, exceeds consumption in and exports from the United States.

But this would leave open the question of stocks. At one time it might be in the public interest to reduce stocks, while at another time it might be desirable to increase them. Even with a tribunal empowered to pass upon agree-

ments, some general guide for the tribunal would be desirable, and this should be in the act. My personal feeling is that it would be feasible to state tests and require the agreements to stand or fall by such tests, without the intervention of a tribunal. This would avoid much administrative detail and be more satisfactory to the industries. But it is probably too much to expect that Congress at this time would go that far.

When we come to consider the probable attitude of the consuming public toward a measure of the kind proposed in the referendum, it is important to remember that there is also a producing public. Everything consumed must be produced, and the public should be interested more in fair practices and proper balance than in high or low prices. Overproduction and low prices never benefited any class of people.

Congressional legislation of the kind advocated is only one step, however. It would permit certain agreements so far as the Federal Government is concerned. Products of the natural resource industries ultimately move, to a large extent, in interstate commerce and, since they are thus destined, federal sanction of restrictions is desirable if not essential. Unfortunately or otherwise, however, the industries must consider their relations to the states. This is true because production is primarily an intrastate

operation. Nearly all the states have anti-trust laws.

The federal feature should not be allowed to eclipse state law entirely. Federal sanction to enter into constructive agreements would not profit an industry much if these agreements were still prohibited by state law. Of course, one step at a time may be enough to plan. But when two steps are required the second should be in mind when the first is taken.

In the campaign now being conducted by business leaders they should not overlook the states. Already one state has challenged certain sanctions given by the Federal Government and has indicated resentment at the supposed invasion of states' rights. This aspect of the matter must be faced.

The observations last made with reference to the Chamber's referendum and the attitude of the states apply with equal force to the proposal now pending before the American Bar Association to amend the federal anti-trust laws as recommended by the Standing Committee on Commerce and to the program of the Minerals Section. The battle is only partly won when a new or clear federal rule is obtained. The campaign must be carried into the states, or into those which still take pride in "trust busting" and fail to see the other side of the picture.

The Coal Men Test the Sherman Law

By W. DuB. BROOKINGS

Manager, Natural Resources Production Department, U. S. Chamber of Commerce

★ UNITED STATES vs. APPALACHIAN COALS, INC., A CASE recently tried in Federal Court, will have great importance in determining application of the Sherman Act

"UNITED States vs. Appalachian Coals, Incorporated," is the prosaic title of a lawsuit which will soon be before the Supreme Court. But this suit is far from prosaic in its setting, in the magnitude of the interests concerned, and in its importance to the welfare of a great industry and of the public. No case in recent years has been watched with greater interest. Whichever way the decision goes it is certain to have a wide influence upon the types of business organizations em-

ployed by business men to meet modern conditions.

The first chapter in this important lawsuit closed October 3, when the Federal three-judge Court for the Western District of Virginia rendered a decision in favor of the Government. It is expected that the Supreme Court will expedite the case and write the final chapter sometime early this winter.

Expressed briefly, the Department of Justice has invoked the Sherman Act against 137 coal mining operators in

the Appalachian mountain region of West Virginia, Virginia, Tennessee and Kentucky, who have organized a sales agency called, "Appalachian Coals, Inc.," through which they propose to distribute their outputs. They claim many advantages for this sales agency in economies of organization, efficient distribution, elimination of conditions that produce an excessive, unnatural and destructive competition. The Government, however, contends that the arrangement gives these companies control over production and prices, and that, under the Sherman Act, this constitutes an illegal restraint of trade.

The decision will have great importance in determining the application of the Act to modern business conditions, because, although the Act has been on the federal statute books for 42 years, there still remains uncertainty among

¹Mr. Beatty refers to Referendum No. 59 of the U. S. Chamber of Commerce on the report of the Department Committee on Natural Resource Industries. The Committee recommended that a tribunal of officials of the Federal Government familiar with natural resource industries should be authorized to permit agreements for curtailment of production in such an industry during the continuance of a condition of overproduction found by the tribunal to be injurious to the public interest. The proposal was approved by the Chamber membership.



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The reason for this difference after 10,000 miles can be summed up in three major facts: First, Chevrolet is such a wonderfully *well-built* car. Second, Chevrolet has adequate weight, *unusual* ruggedness and strength to withstand the effects of long, hard usage. Third, the Chevrolet engine has **SIX CYLINDERS**. And **SIX** is the fewest number of cylinders you can have in a car, and avoid the destructive effects of inherent vibration.

If you're selecting business cars for your sales force, or a personal car for yourself, don't take chances. Buy with an eye on 10,000 miles. Choose a car that *you know will stay dependable*, that *you know will stay economical*—the new Chevrolet Six—the great American value.

CHEVROLET MOTOR COMPANY, DETROIT, MICH.
Division of General Motors

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Low delivered prices and easy G.M.A.C. terms*

business men as to its practical application.

The conditions within the bituminous coal industry, and the circumstances that led a field of the industry to organize Appalachian Coals, Inc., and the bringing of this test suit, illustrate strikingly some of the difficulties American industries face in determining how far the Sherman Act interferes with activities which they think are necessary to meet modern conditions.

Excess capacity

DURING the War the productive capacity of the bituminous industry was expanded beyond normal needs. This intensified a condition that had always been bothersome, the necessity of maintaining excess capacity even in normal times to take care of seasonal demands and fluctuations in business demands. Soft coal cannot be stored in anything approaching adequate quantities for any length of time; for the most part it must be shipped direct from mine to consumer. Other factors have tended to emphasize this excess productive capacity. In normal times more than 4,000 companies of recognized commercial standing are in the field. Besides these, there are many mines picturesquely described as "snowbird," "wagon" or "gopher hole"—mines that start up overnight when prices are sufficiently attractive and as readily close down with no need to worry about overhead.

Improved methods of use, and competition from oil have greatly reduced the amount of coal used. Operators are naturally reluctant to close their mines to meet a business recession, because this means heavy deterioration, frequently abandonment of the underground works, and great addition to the overhead. Added to these factors are other heavy overhead charges, which force the operators into a bitter struggle for existing markets. The result has been extreme competition which has prevented the industry from enjoying a proper measure of prosperity.

Statesmen, economists and leading citizens agree that the coal industry must be stabilized. There are 500,000 bituminous coal miners in normal times;

they and their dependents number 2,500,000. The lack of profit to the coal operators is paralleled by low wages to labor, and thus is created an important social problem. The lack of proper returns has also prevented the communities where coal resources are found from obtaining adequate government revenue to meet their educational and social requirements.

lack of intelligent consideration of its problems. Trade associations have been developed both regionally and nationally, and they are alert to the industry's problems. Its own agencies and committees have given intensive thought to developing ways and policies for the conduct of the industry; and in these efforts it has had plenty of assistance, for probably no American industry has

been investigated more frequently by federal and state government agencies, research institutions and by individual students.

Out of all of these studies have come many conclusions, but upon one there is general agreement—that some means must be found whereby the operating units of the coal industry can unite in producing and marketing their product. The United States Coal Commission, after an exhaustive study in 1923, emphasized the need for concentrating the units of the industry. As one means to that end the Commission stated that mergers should be encouraged.

Unfortunately, however, mergers do not seem to be successful in the coal industry. There have been a few mergers, some of them

large. At present, however, the largest merger in the industry—an organization that produces 15,000,000 tons of coal a year at some 30 mines—is in the hands of a receiver. Other mergers have been proposed, and have made some progress with negotiations, but have failed of consummation. It is the consensus of opinion that the merger method does not offer a way out for the coal industry.

For these reasons, the producing units developed the sales agency plan. This step required unusual courage because they knew they must determine the legality of the plan under the Sherman Act and business men hesitate to incur court proceedings on questions of moral business conduct.

The Department of Justice was kept informed of the progress in setting up this agency. Public statements of officials of the Department show clearly that it realizes the industry's difficulties and is sympathetic to its efforts to find some way of meeting them, although it has specifically questioned the

(Continued on page 53)



Every year the bituminous industry delivers enough coal to build a Chinese Wall around the United States

The income tax returns to corporations in the bituminous coal industry show its unhappy financial condition. The losses for the entire industry exceeded profits by \$27,900,000 in 1928, and by \$15,234,000 in 1929—years when industry in general was prosperous. Income tax figures are not available for 1930 and 1931, but Bureau of Mines figures for those years show smaller returns per ton for coal at the mines than in 1928 and 1929, and indicate greater losses.

Not a backward industry

THESE conditions are not temporary, they are recognized as chronic; they characterized the whole industry long before the depression.

The industry cannot be accused of inefficiency or lack of ability, or indifference to its own welfare. Every year the industry delivers enough coal to build a Chinese Wall around the United States. The average price at the mine for 1931, including all overhead cost, was \$1.52 a ton. Nor has there been

THESE FOLDERS ARE HELPING MANY CONCERNS TO REDUCE THEIR ACCOUNTING COSTS STILL FURTHER

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- 1 Purchases, Statistical, Sales, Expense, Labor, Materials.
- 2 Sales or Purchases—Cost and Selling Price by Departments.
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- 4 Listing, Classifying and Totaling Amounts in one run.
- 5 Consolidating and Posting Branch House Expense and General Ledgers.

PAYROLLS

- 6 Pay Check (or Pay Envelope), Employee's Statement, Payroll Sheet and Individual Earnings Record—in one operation.
- 7 Payroll Sheet, Pay Check, Wage Card in one operation. Amounts electrically computed at time of writing.
- 8 Extending Time Tickets and posting Earnings Record in one operation.
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- 18 Statement, Ledger and Full Width Proof Journal written in one operation.
- 19 Ledger posted, Journal written, Sales distributed in one operation.

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- 20 Remittance Advice, Departmental Purchase Record, Register of Approved Invoices posted in one operation.
- 21 Maturity Record, Departmental Purchase Record, Built-up Voucher, Audited Invoice Register, Check and Check Register. Two or more related records written in one operation.
- 22 Remittance Advice, Purchase Distribution Ledger and Voucher Register posted, and Controls established in one operation.

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Can Consumption of Food

By V. H. PELZ

Director, Editorial and Research Staff, American Institute of Food Distribution

EVEN though, during the last two or three years, overproduction and accumulated stocks of food have been the most painful aspect of the agricultural problem, nevertheless the declining *per capita* consumption of food, in terms of calories, has been an important factor.

Closely connected with declining consumption has been the limited capacity of the human stomach.

These two factors have acted as barriers to the expansion of the food industry. That their influence has not been more generally perceived is due primarily to the fact that the United States has had a steady growth in population which has increased the total demand for food. But we are told today that this growth is slackening and that as the average age of our population increases, *per capita* caloric requirements will tend to stabilize in amount.

This involves considerably more than an academic question. Fifty thousand food manufacturers, thousands of wholesale distributors, and probably three-quarters of a million retail outlets for food and food preparations have a vital interest in the subject.

Every magazine, every newspaper, every advertising agency has a similar interest because, if consumption cannot be increased, is not, from the social viewpoint, advertising itself an economic waste?

Thus we see that the food trades and the industries collateral to them, face the question of whether the consumption of food can be increased, and if so, how. No one fears that food products will ever be completely superseded by new inventions —unless the age of synthetic food is nearer than we now suppose. But the food industry, nevertheless, is up against a fundamental problem. Can consumption of its output, measured in any economic or business terms whatsoever, be increased?

To admit that consumption cannot be increased is for the food industry to adopt a policy of economic fatalism which is not only contrary to the main characteristics of American business life, but which, at least in my opinion, is not justified by the evidence even now available as to possibilities and trends for the future.

Briefly, these possibilities can be summarized as follows:

1. Because an increasing proportion of our food is now being

subjected to some sort of processing before it reaches our tables, the initiative for this change will, to a considerable degree, lie with food manufacturers.

2. The increase will come primarily from diversification of the diet.
3. From the manufacturers' standpoint, this diversification will result in an increase in the dollar value per calorie of the food intake.

Fewer cereals and more fruit

A RECENT computation by E. G. Montgomery of the Department of Commerce, of the changes in *per capita* food consumption indicates in general terms the direction and extent of the diversification which has already occurred:

CHANGES IN *Per Capita* FOOD CONSUMPTION
(In pounds)

Item	About 1899	1922-1927	Change
Cereals	350	230	-120
Meats	142	145	+ 3
Fats and oils	34	44	+ 10
Sugar	61	105	+ 44
Dairy products (in terms of milk)	800-900	*1,040	+ 150
Principal fruits (in terms of fresh fruit)	169	192	+ 23

*1926 figure.



Here in less than 30 years, we have a net increase of about 6.7 per cent in the bulk of food consumed. Some of this increase probably has found its way into the garbage can. Much of it has been in low-calorie products. It should be noted also that vegetables are omitted from these figures, simply because accurate figures on the volume of vegetable production for the earlier years cannot be obtained.

Consumption of some vegetables has increased. The *per capita* consumption of spinach for table use increased 130 per cent between 1922 and 1927; of asparagus, 75 per cent in this same period; of lettuce, 66 per cent; of celery, 53 per cent; of peas, 325 per cent (though much of this undoubtedly represents the substitution of commercial for home production). Here is a marked instance of diversification accompanied by increase in the bulk of food intake.

The reason for, as well as the fact of, this diversification is clearly set forth in a report by the Food Research Institute at Stanford:

This diversification is the result of prosperity, improvements in agricultural products, improved methods of distribution and storage, prolongation of seasons, improvements in processing and packing, improvements in household culinary equipment and practices, aided by a trend of dietetic education in the direction of diversification, and supported by advertising campaigns. The

Be Increased?

ILLUSTRATIONS BY DON MILLAR

diversified diet is distinctly more expensive than was the staple diet it has supplanted.

Even though *per capita* consumption, measured in calories, is limited and constantly declining, there is little doubt that the *per capita* consumption of food measured in dollar value per calorie is increasing. In this sort of a development lie profit-making possibilities which the food industry as a whole has only slightly comprehended. Despite the increase in packaging of food, despite the growth of commercial production of the fruits, vegetables, meats, dairy and poultry products which formerly were raised at home, it is safe to say that the diet of the average family today is much closer in actual make-up, quality, and variety to that of a generation ago than is its consumption of clothing, housing, and transportation.

The extent to which other realms of expenditure have absorbed an increasing part of the total family income is seen in some figures prepared recently by R. B. Sharbrough of A. & P. These figures show estimated percentage of total income spent for food at various times:

1797—Sir Frederick Eden (English)	73 per cent
1853—Dr. Ernst Engel	67 per cent
1901—Bureau of Labor Statistics	43 per cent
1918—Bureau of Labor Statistics	38.2 per cent
1926—A. & P. estimate	34.6 per cent
1930—A. & P. estimate	33 per cent

We could spend more for food

WHETHER or not these estimates are entirely correct, they indicate possibilities for diverting a part of the consumer's dollar to food, provided consumers can be persuaded that they should spend relatively more for food than for other things. Whether any such increase is socially justifiable is entirely beside the point. If the increasing cost per calorie results in a release from household drudgery and the consequent opening of opportunities for more useful or pleasurable occupations, it is thoroughly justifiable from a social standpoint.

Though the food industry as a whole has only begun to grasp fully the opportunities that lie in this process of diversifying the American diet, enough manufacturers have already done so to make fairly clear the way future developments can take place.

In the first place, manufacturers will continue their efforts to make specialty products of staples, to make luxuries out of necessities.

One of the best illustrations of this process is the history of the Quaker Oats Company. Many years ago, when oat-

EVEN in the midst of the most prodigal plenty, the human being can only consume a certain amount of food. This fact is often mentioned as a limitation on the markets and profit of the food industry. Mr. Pelz does not believe it needs to have this effect. In this article he points out how this obstacle, if it cannot be eliminated, can at least be overcome



Food took 73 per cent
of the 1797 income

meal was customarily sold out of a barrel, which came from a miller whose name was often not even known to the retailer, the Quaker Oats Company took what was then a revolutionary step. It packed its oatmeal in small packages with a Quaker label to identify the manufacturer. Quaker not only packed oatmeal in this manner, but has also put up corn meal and wheat flakes under its own brands.

But now the Quaker Oats Company faces a new problem. Today, oatmeal in packages is as staple a product as oatmeal in barrels was 40 years ago. To pack a staple in a package, even a fancy one, is not enough. Something more is called for.

So we see Quaker Oats taking another revolutionary step. They have put oatmeal, corn meal and wheat meal through a new process and have turned out a product called "Crackels."

In comparison with the oatmeal and the corn meal of my grandfather's day, even the present day packages of Quaker Oats and Quaker Corn Meal would have been considered extravagance. To us they are staples. "Crackels" is a specialty. Here we have inventive ingenuity developing a product which has a greater appeal. Such a product can

find a market only where average income and standards of living permit such an expenditure.

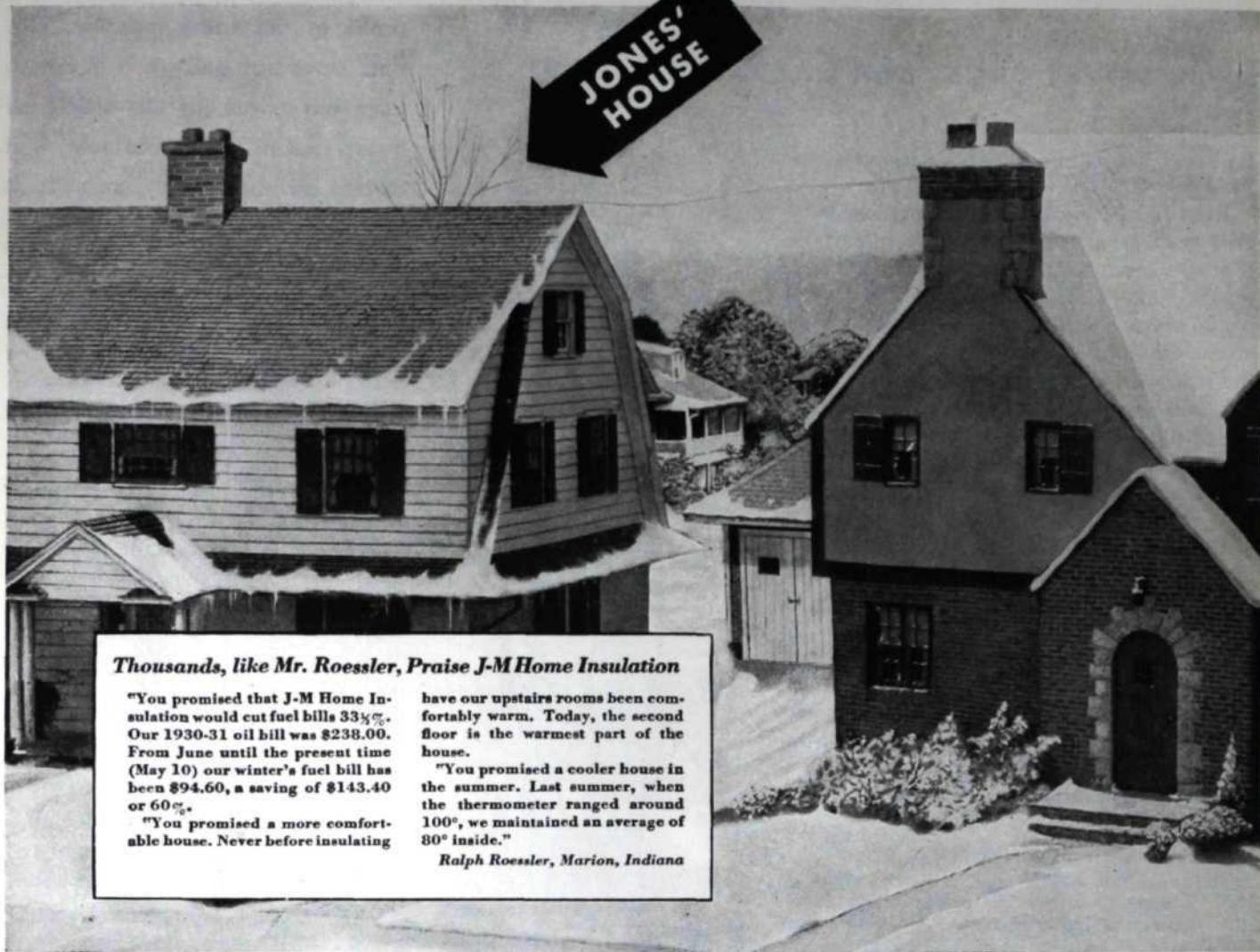
Other illustrations come readily to mind. In discussing this aspect of the development of General Foods, Ralph Starr Butler, vice president in charge of advertising, said:

Bran, although accepted as feed for animals, had never been developed as a human food until a manufacturer found a way to prepare it in palatable form. Gelatin was first proposed as an ingredient for desserts as far back as the time of Peter Cooper. Not until a manufacturer found a way to combine gelatin with fruit flavor, sugar and coloring had gelatin desserts become an important factor on the tables of this country.

We even find a responsible official of A. & P. telling the meat packers that they



Why didn't the snow melt



Thousands, like Mr. Roessler, Praise J-M Home Insulation

"You promised that J-M Home Insulation would cut fuel bills 33½%. Our 1930-31 oil bill was \$238.00. From June until the present time (May 10) our winter's fuel bill has been \$94.60, a saving of \$143.40 or 60%."

"You promised a more comfortable house. Never before insulating

have our upstairs rooms been comfortably warm. Today, the second floor is the warmest part of the house.

"You promised a cooler house in the summer. Last summer, when the thermometer ranged around 100°, we maintained an average of 80° inside."

Ralph Roessler, Marion, Indiana

Why will Jones pay 35% more for fuel this winter than Smith... and be less comfortable? Why was the Smiths' home 8° to 15° cooler than the Browns' this summer?

HERE are three homes — with identical weather conditions—yet the snow has remained unmelted on only one! Why?

Both Mr. Brown and Mr. Jones will pay 20% to 35% higher fuel bills this winter than Mr. Smith—and yet not enjoy as much warmth, comfort or freedom from draughts. Why?

This summer the Smiths' house was always 8° to 15° cooler than their neighbors'—their upstairs bedrooms always more comfortable. Why?

The answer is simple, and should be interesting and profitable to every

home owner, *this* year particularly.

The walls of practically every house from cellar to attic are *hollow!* Only a thin barrier lies between bedrooms and attic—and between attic and roof.

In winter, heat passes out through this sieve-like construction at an astonishing rate. Comfort is lost . . . fuel wasted . . . houses are draughty and hard to heat. In summer, heat comes in . . . and stays there . . . often hotter indoors than out . . . walls and roof offer no resistance.

If snow melts quickly from your roof . . . take care! You're wasting

heat . . . (and dollars, too) unnecessarily—for the remedy is simple and economical.

Johns-Manville, experienced in solving the heat and cold problems of industry for 70 years, has perfected an astounding new and ingenious method of permanently sealing your home against winter cold and summer heat.

Revolutionary New Discovery

A new, amazingly efficient insulation, "Rock Wool," spun from melted rock at terrific temperatures . . . fire-proof, rot-proof, vermin-proof and

on the Smiths' house?



permanent . . . is quickly blown through a hose under attic floor or roof, into hollow side walls—no alterations—no disturbance to the family. *A four-inch-thick blanket equal in heat resistance to a stone wall 11 feet thick!*

New Standard of Home Comfort

Johns-Manville Home Insulation has made it possible for more than 20,000 home owners to enjoy new standards of year 'round home comfort—never before possible.

You can reduce your fuel expense this winter 20% to 35%... assure comfort throughout the house, even on

bitterest days. And next summer you'll enjoy rooms 8° to 15° cooler.

You'll find the cost surprisingly economical—deferred payments, if you prefer. Consider this . . . you're paying for J-M Home Insulation whether you buy it or not . . . in heat loss, in year 'round discomfort. After you buy it, it starts paying you back . . . in fuel dollars saved, in comfort you can measure on the thermometer.

May we send you our free book, "Blow Comfort Into Your Home." You'll find it interesting, perhaps profitable. Address Johns-Manville, 294 Madison Ave., New York City.



**Your Home Permanently
Protected Against Heat—Cold**

Four inches of thick, fireproof, permanent "ROCK WOOL," skillfully blown through a hose into place in attic or side walls, shuts out winter cold and summer heat. Year 'round comfort . . . fuel bills cut 20% to 35%. No upkeep—the first cost is the last. Time payments if you wish.

Johns-Manville



Controls

HEAT, COLD, SOUND, MOTION

Protects against

FIRE AND WEATHER

are backward in developing new products. Said T. A. Conners, addressing the Institute of American Meat Packers:

With your thousand and one products, what per cent of the sales is represented by packaged, canned or glass goods? Recently Hormel has led the way, but the surface has not been scratched. If the public can be educated to ask for Puffed Rice, Postum, Jell-O, Crisco, tomato juice, fruits and vegetables, soup and chicken-à-la-king, by brand name in packages or cans, is it unreasonable to expect that the packers can do the same thing with corned beef, ham, beef, lamb, or veal stew, a pork paste, a consumer package of dry sausage, or frankfurters?

More effort to sell food

IN THE week by week news of advertising plans we see company after company, manufacturing specialty food products of all kinds, announcing the appointment of an advertising agency where formerly they had no agency at all or had handled advertising directly with publications. For example, the Washington Cooperative Egg and Poultry Association is planning to advertise canned chicken tamales, obviously a product which will afford an outlet for chicken which is greater in unit value than poultry. Foodtown Kitchens, Inc., has put upon the market a new line of Wheat Pops and Rice Pops. Stahl-Meyer, Inc., is planning to place the lowly hot dog alongside the finest foods in glass.

All these are "new" products. Yet they are also old ones, because, in every case, inventive ingenuity has taken a staple article and given it a new appeal. Yet, in view of the fact that food products take one-third of the average family budget, such new items are not nearly as numerous as they might be. The second way in which manufacturers will seek profit possibilities through increasing the dollar value per calory is by preparing foods in such a way that the drudgery of cooking is decreased.

Every housewife knows what a chore it is to bake a ham. Hormel comes along with a product which requires only warming in the oven. True, Hormel canned ham costs more than cured ham, but such an expenditure may seem small compared to the advantages derived. Canned vegetables for infant feeding represent a development in factory preparation of foods which have in the past involved hours of labor for mothers. Every father who ever had to put his infant's vegetables through a sieve has wondered why somebody did not do that job on a factory basis. Now it is being done.

Fundamentally, of course, this attempt to raise the per calory cost of foods is simply another means of putting to work the conception of the constant search for new products which has been so ably expressed by C. F. Kettering, vice president of the General Motors Corporation. Mr. Kettering is known to most business men as an exponent of the idea that "research" can be made practical, and that it can richly reward those who employ it intelligently. Speaking before the Advertising Federation of America, Mr. Kettering said:

Business will come back when we get some products that people want to buy. . . . Research is an organized method of keeping everybody reasonably dissatisfied with what he has. . . . During the war everybody worked days and nights and Sundays, working against a time limit of accomplishment. Out of that there came an enormous number of developments—the radio, talking pictures, new paints, new types of gasolines, and a thousand other

things. Business picked those up, and we started to make a variety of products which people wanted.

One of the reasons for the backwardness of the food industry is that, during the war, food was rationed and new products in new forms were discouraged. There was no release of inventive ability in the food industry such as took place in other industries.

Of all the major industries, there is none—unless it be coal—which is still so dominated by thinking in terms of staples which change not from year to year. Until one talks with men who have spent their lives in the food trade, it is hard to realize how strong is the hold of tradition.

The possibilities of research in the one factor of flavor alone are clearly described in an editorial from a recent issue of *Food Industries*:

No one attribute of food is more important from the standpoint of consumer acceptance than flavor, and none is less understood. Why have not research laboratories been studying the question of flavor? To be sure, it will be difficult to measure flavor, but we believe it would be worth while. The field is almost untouched and is waiting for the investigations of the research department.

In all this effort to lift foods into the luxury class, advertising plays a dominant part. It should, for this is a rôle which advertising is peculiarly well fitted to play. No product can be lifted from the staple into the specialty class without advertising in some form or other.



The Quaker Company put its oatmeal in packages with its own label

Advertising helps selling

IN THE case of a staple, commodity advertising may be likened to the oil in one's car. It serves simply as lubricant. It eliminates friction in selling. If some arch opponent of advertising could suddenly wipe all advertising out of existence, we would still eat flour and beans and meat and vegetables and bread and milk and other staple foods. Demand for these is already created—it arises out of hunger. But think of the difficulties involved in creating demand for the specialty product, the new product, the unique product, the product which is unknown, if advertising could not be used to acquaint people with it! How long would it have taken Golden Bear Cookies to have made their march from the Pacific to the Atlantic Coast if advertising had not been available? How quickly could word of mouth advertising alone have spread knowledge of

strained vegetables for feeding babies? To specialty products such as these, advertising is not only lubricant, it is motive power. The food industry is today at the parting of the ways. To follow the old familiar "staple" road, leads to declining consumption, not only in calories, but in dollars.

The new road is hardly a road at all. It is little more than a trail which has been blazed a few years ahead by the scientists who have learned how to preserve food by intense heat and intense cold, and who have been more recently hunting down the elusive vitamin. It is a path into unknown territories of experiment and risk of failure. But at the end of this trail lie possibilities which are limited only by our national standards of living and by the ability of food manufacturers to keep their share of the total purchasing power in competition with the other "luxuries" of life.

I'm going to **START**
SOMETHING
*in my own
 Business!*



"IT'S TIME for Action! I'm one of thousands of business men who have been sitting tight, waiting for business to return to normal — hoping it will happen 'over-night'. Now I'm tired of waiting for a miracle to happen. I'm going to do something about it—myself!"

"I've determined that my salvation lies in my own hands. I'm going to start a Prosperity Drive within my own business. I'm convinced I can do it. I've seen actual records of other companies that have been reducing expenses, getting orders and increasing profits. And I've

had it proved that the methods they use to forge ahead consistently will prove equally effective for me.

"I've called in the Addressograph-Multigraph man to give me counsel in the application of new ideas to my business practices. He has studied my present methods and problems, and has given me logical fact-and-figure proof that Addressograph and Multigraph will increase net earnings for me **RIGHT NOW**. I'm going to **START SOMETHING** in my own business, and I'm going to make the coming months more profitable than ever before!"

Ask an Addressograph-Multigraph representative to give you proof that it is possible to cut costs and increase profits in your business now. The figures will surprise you—ask him to submit them. There is no obligation

Addressograph Company • Multigraph Company
 Divisions of

Addressograph-Multigraph Corp. • Cleveland, Ohio

Addressograph

Multigraph

Ideas That Whipped Hard Times

By RAYMOND WILLOUGHBY

Of the Staff of NATION'S BUSINESS

A PHILOSOPHER might contend that the only profitable way to regard the depression would be to take it as a continuing course in applied economics. The cynic might retort that the teacher seems in a fair way to outlast the pupils. But, if the cost of tuition is severe, some businesses, big and little, are learning things they did not know before, had paid insufficient attention to, or did not understand.

As one executive puts it, "It has forced us to realize that we were capable of more effort than we knew we possessed. It has made us take stock of ourselves and our capabilities. In our particular case, it has made us develop old services and create new ones."

How the Postal Telegraph & Cable Company answered this challenge is told by C. B. Allsopp, commercial vice president, with particular reference to the development of a new messenger service, "The Best Business Builder in Ten Years." Describing the new service, he says:

Telegrams which precede advertising campaigns, stimulate them while in progress and check up on completion—uniformed messengers who effect retail distribution and make actual sales through the delivery of messages and merchandise, window displays and counter cards—highly individualistic deliveries to executives or door-to-door sampler distribution to consumers—in a single locality or a thousand cities—high spot or full national coverage—with speed, dignity and effectiveness—and at surprisingly low cost.

Of the usefulness of the new service, he reports,

In one of its forms, it brought 730,000 people into an automobile sales room and actually sold thousands of cars. In another, it obtained more than 94 per cent distribu-



Birthday cakes are part of the New Yorker's policy of "plus hospitality"

APPARENTLY the sports epigram, "A team that won't be licked can't be licked," applies also to business. Here are examples from the fields of

Communications
Refrigerators
Chemicals
Oil Burners
Beverages

Hotels
Woolens
Tobacco
Clocks
Hosiery

tion among retailers of a certain territory for the manufacturer of a new drug preparation. Again, it was an important factor in boosting sales of a drug store commodity some 175 per cent more than last year.

It has sold oil burners and has stimulated dealer attendance at sales meetings. It has accomplished sampler distribution of a food product to consumers and brought in sales from retailers in the same operation. It has sold subscriptions to a magazine. It has done so many things in so many different ways that it is possible to enumerate only a few of them.

How the Swann Corporation of Birmingham hustled out and laid hold

of business is a depression classic that can point a moral outside the chemical industry.

A thorough overhauling of this company's sales methods has uncovered millions of dollars of potential business that it never knew existed. The depression found the Swann organization with a diverse group of plants, each making a product for a specialized group of customers. The salesmen were specialists, too. Each man was convinced that no one else could sell his line.

The advertising was similarly compartmentized. Until 1931 the company had attempted no co-ordinated advertising, but in that year it made a complete about face.

Found business by testing

WHEN the Swann Corporation set about integrating its sales effort, it tested its knowledge of its markets with a sampling campaign in Ohio, selected because that state presented a fair cross section of American industry. The idea was to present the whole Swann line to each prospect. Compiled by products, by industries, by geographical divisions, this canvass showed the dimension and degree of the potential business.

It suggested that a thorough working of the industrial areas of the whole country would bring a definite amount of tonnage in each of the Swann fields. It indicated a great deal of tonnage in chemical lines not yet touched by Swann salesmen, and it showed that capable, chemically-trained men could build up a good volume for their company on L. C. L. business. This was a revolutionary conception to Swann men. Car-loads were their basic unit.

Line selling, and territory combing could be done, and done profitably if

The First Step— Remember the good old adage, “Learn to walk before you run.”

Metropolitan Life's contracts afford a means to

- create estates and incomes for families
- pay off mortgages
- educate children
- provide income in the event of retirement
- establish business credits
- stabilize business organizations by indemnifying them against the loss of key-men
- provide group protection for employees covering accident, sickness, old age and death
- provide income on account of disability resulting from personal accident or sickness.

Metropolitan policies on individual lives, in various departments, range from \$1,000 up to \$500,000 or more, and from \$1,000 down to \$100 or less—premiums payable at convenient periods.

The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.



METROPOLITAN LIFE INSURANCE COMPANY
1 MADISON AVENUE, NEW YORK, N.Y.

I am interested in planning a Thrift Program and shall be glad to have the advice of a Metropolitan Field-Man.

NAME _____

ADDRESS _____

CITY _____

STATE _____

MANY young fathers are not able to start extensive thrift programs for their families. But almost all of them are able to take the first step toward making constructive financial plans—in a modest way.

Millions of families in the United States and Canada are wisely building future financial protection with Life Insurance, paid for in small amounts weekly or monthly.

Many successful men of today still maintain their first small Life Insurance Policies taken

out for them during childhood by their parents. They realize that the continuation of these Policies is a good investment.

Metropolitan Field-Men are trained to give advice concerning all kinds of Life Insurance and to lay out limited programs for those who are not yet prepared to carry out a complete program.

Every one interested in Life Insurance, in whatever amount, large or small, can be assured of sound advice by consulting a Metropolitan Field-Man.



METROPOLITAN LIFE INSURANCE COMPANY

FREDERICK H. ECKER, PRESIDENT • • • ONE MADISON AVE., NEW YORK, N.Y.

When writing to METROPOLITAN LIFE INSURANCE COMPANY please mention Nation's Business

© 1932 M. L. I. CO.

Swann had a long line, and every salesman sold as much of the line as he could at every stop. But the machinery had to be developed. The first step was to set up in Birmingham the Central Information Department to which now comes a stream of facts, for translation into useful form, for retransmission back to the men on the firing line.

The success of line-selling, however, soon developed to the point where it was highly desirable to add many items. So items were added one by one as they won the approval of the research department. And the salesmen were given the data they needed in loose-leaf form.

Through these steps the organization was ready to double the sales-force and establish additional sales offices at strategic points.

Giving the guest more than he could reasonably expect at a price more modest than he would anticipate is the Hotel New Yorker's formula for getting and keeping business. This brand of hospitality has been publicized through advertising. Ralph Hitz, president of the National Hotel Management, the operating corporation, says:

"We have made a great advertising

newspaper, often brought by airplane so they read it at the same time they would enjoy it at home.

"We obtained the birthdays of thousands of guests and remember them with a greeting. If they happen to spend their birthday in our hotel we send them a cake."

Something of the paradoxical, if not the miraculous, is disclosed in the story of the Peerless Woolen Mills at Rossville, Ga., owned and operated by the Hutcheson family. Rossville is a community of 3,200. The Peerless mills constitute the chief industry. They have been running virtually full time, have sold their output, and have added new machinery.

At the first of September, 750 people were on the pay roll. All of the regular employees have been continuously employed throughout the past three years.

Here's the way the management set out to beat the depression, as told by John L. Hutcheson, Jr., production manager:

We figured when we first began to hear of depression that, even if millions of men were out of work, more millions were working and would have to have clothes. Our

They want a substantial cloth at a low price and we've been making it.

I don't say business isn't bad, but there is business to be had and we've been getting it.

More than that, we've gone into a new business—blankets. We did there what we've done in other lines. We asked outstanding retailers at what price they could sell blankets. They suggested that if a standard size wool blanket could be made to retail at about \$3.59 they could sell it in quantities.

We started to figure what we could make blankets for.

We offered a blanket, all wool, standard size first for \$2.65, and later at \$2.35.

At that price we've been able to sell blankets faster than we can make them.

A profit of \$3,000,000 during 1931 and not a single worker laid off in the depression is the record presented by Richman Brothers, Cleveland clothing manufacturers, through operation of a cooperative worker-owned factory. With every worker—from night watchman to president—a shareholder and partner in the business, officers of the company believe they have at least one key to solving the depression and paving the way to better times.

According to William P. Junglas, vice president, the system has resulted in teamwork, quality workmanship and greater efficiency, with every employee working for himself. It has also eliminated labor troubles throughout the more than 50 years of the company's existence.

"In spite of adverse conditions generally," he added, "we have kept our workers steadily employed by means of the stagger plan, operating five days a week. We have not failed to declare our quarterly dividend in ten years."

The Leonard refrigerator bears an old and well known name. Its history goes back 51 years.

In July, the Leonard Refrigerator Company, now of Detroit, manufacturers of electric refrigerators, began what it called the "Oldest Leonard" campaign. Through display advertising in approximately a thousand newspapers, distributors announced that the factory would pay \$500 for the oldest Leonard ice box. Furthermore, each distributor announced that he would exchange a brand new Leonard electric for the oldest Leonard in his territory.

As a result, thousands of users of Leonard ice boxes registered with dealers, presenting evidence as to the age of their models. For every 18 entrance coupons filed, a Leonard electric was sold.

Orders for electric refrigerators, received in the first ten days of August,



Postal Telegraph's new messenger service has sold automobiles, drug preparations, oil burners and food products successfully

and selling effort but we at no time have expected advertising to perform miracles for us—we have tried to back up this advertising with special services."

Special services bring guests back

BY WAY of indicating the special services, he said:

"We give guests their home town

basic business was making woolens for men's and boys' suits and we figured that a large part of the market was still there but it would have to be on a new price level.

Another market grows out of hard times, a market whose size would surprise you if you could get at the figures. That's the market for extra trousers. We've manufactured for that market. Hundreds of thousands of men have reduced incomes. They find themselves with a coat and vest in fairly good condition but their trousers are worn out.



CORN PRODUCTS REFINING COMPANY

displays its preference with
increasing investment in Pneumatic Machines

Money does talk, very forcibly in many cases. The money invested by America's leading packaged goods manufacturers in Pneumatic Machines, speaks louder than any words of their confidence in this packaging method.

An analysis of the purchases of Pneumatic Machines by these companies is your best buying guide to the safest and most satisfactory investment of the money you spend for packaging machinery.

Corn Products Refining Company, manufacturers and distributors of Argo and Linit are a typical example. The chart of their Pneumatic Machine purchases shows an upward curve built on "repeat" orders over a period of years. Only completely satisfactory performance could inspire such emphatic approval demonstrated in dollars and cents!

The advantages and economies of the Pneumatic system can be very definitely proven to you from the experience of other companies. This proof, and the help and advice of our engineers, is yours for the writing without obligation.

PNEUMATIC SCALE PACKAGING MACHINERY

PNEUMATIC SCALE CORP., LTD., 67 NEWPORT AVE.
NORFOLK DOWNS (QUINCY), MASS.

Branch Offices in New York, 117 Liberty St.; Chicago, 360 North Michigan Ave.; San Francisco, 320 Market St.; Melbourne, Victoria; Sydney, N. S. W. and Trafalgar House, No. 9 Whitehall, London, England

ment of a new switch. Last November we released this new switch and since that we have received contracts for 90 per cent of the important new buildings erected, including Radio City.

Illumination for another bright spot in the shadowy pattern of business is being generated by the paint making firm of Edward Smith & Company, Long Island City, New York. Originally a manufacturer of marine paints exclusively, this company has begun to produce specialized paints for use in scientific and mechanical work where climatic resistance is required. So well has selling been linked with the reputation that "even during the depression, the sale of Smith paints, although declining somewhat, has held up strongly."

Readiness to back its future in a new non-run style of hosiery is reflected in the reopening of one of the Gotham Silk Hosiery plants, closed for almost two years, with the anticipated employment of 2,000 persons when the mill is working at capacity. A sales campaign was expected to bring in orders requiring capacity operations for two other mills.

Business is developing a bull market on knowledge. As one advertising agency president phrases it, "Everybody wants to know today. Changes are taking place, things are happening, inquiring minds are open for information. What a time it is for the manufacturer of quality merchandise to cash in!"

More specific is the discovery of the Graybar Electric Company that a \$40,000,000 latent consumer-buying-power exists in the United States. In summarizing the results of the company's survey, Graybar statisticians estimated the following probable purchase, on a unit basis, by the American people, as conditions improve and current incomes are assured or expanded:

New homes, 3,096,000; automobiles, 6,006,000; electrical refrigerators, 8,838,000; heating equipment, 1,494,000; washing machines, 4,986,000; radios, 3,708,000; ironing machines, 2,900,000. The products represented in this deferred demand, as Graybar figures it, probably will be purchased within the next two or three years.

With its markets defined in millions, the immediate job of American business is to transmute the inviting image of potential demand into the realistic substance of customers and sales. The diversity of the object lessons in successful selling provides its own argument against acceptance of belief that "my business is different."

CLASSIFIED TELEPHONE

MULTISTAMP

"WHERE TO BUY IT"

It tells you WHERE TO BUY IT



List your product or service in the "Where to Buy It" pages of the telephone books. Then you KNOW that prospects who want your brand will be able to locate dealers who sell it.

Known and accepted by an increasing number of the buying public, this merchandising service is being popularized even further by advertisements similar to the one at the left.

Your classified telephone book can solve many shopping puzzles. Look for the product or service you want (Buick, Remington-Rand, Alliance Insurance, etc.) There you'll find names, addresses and telephone numbers of authorized local dealers.



● Write or telephone:
Trade Mark Service
Manager, American
Tel. & Tel. Co., 195
Broadway, New York
(EXchange 3-9800)—
or 208 W. Washington
Street, Chicago
(OFFicial 9300.)

A Totally New Opportunity for people without capital

HAVE you ever been able to share in the profits which are made on good investments?

Probably not—unless you have had capital. For it always has taken literally thousands of dollars to invest in the right stocks, and in enough of them, to give you both safety and profit.

A safe way to benefit as capital does

Independence Fund does not offer to make you rich quickly. Does not give you "expert advice on how to speculate." Does not depend for its success upon "tips." Independence Fund is scientifically designed for maximum accumulation of capital without sacrifice of safety.

Independence Fund enables you to make small monthly payments (as low as \$10) through an old and conservative trust company and reap the investment advantages of large capital. Makes it possible for you to invest your money and assures automatic reinvestment of the earnings of your money—in the same well-diversified group of 34 first-grade listed stocks, with the same safety and profit that financiers and others with large capital and experience obtain.

Independence Fund does not tie your money up so that you can't withdraw if you wish. Neither does it use your money so that someone else benefits from its maximum earning power while you receive only a small rate of interest.

The industrial and geographic diversification of the 34 high-grade stocks upon which Independence Fund is based means safety. Automatic and prompt reinvestment of dividends means COMPOUNDING of EARNINGS. Think how that makes your fund grow.

Get all the facts— Mail the coupon today

It will pay you to learn more about the opportunity Independence Fund offers you. Mail the coupon below and get the free booklet, "35 Questions—36 Answers." Find out how \$10, \$20, \$30, \$40, \$50, \$100 a month, regularly invested, could grow to \$2,500, \$5,000, \$10,000, \$25,000, \$50,000, \$100,000 in ten or twenty years. Learn how the trust company acts as your trustee, sets up an individual account in your name, purchases and holds your securities and administers your trust in accordance with this plan. How systematic investment overcomes depressions and makes money for you on the recovery. Read, too, about the life insurance protection (at low rate) you can have for your fund, if you wish it. Independence Fund may end your money worries for good. Mail the coupon now. Independence Fund of North America, Inc., One Cedar Street, New York, N. Y.

START YOUR INDEPENDENCE FUND

Independence Fund of North America, Inc.,
One Cedar St., New York, N. Y.

Please send me, without obligation, free copy of
"35 Questions—36 Answers."

Name.....

St. Address.....

City.....

5P12

Business' Board of Strategy

THE need of the hour is leadership."

This cry for a Moses is raised now as it has been in every time of national stress that history records.

It is natural for the bewildered crowd to seek leaders. Leaders have arisen in past emergencies. Leaders are also arising in this one.

Here's leadership on the business front—business leaders, representing every section and industry, who constitute the Board and committees of the United States Chamber of Commerce. They have met in Washington and have laid out programs aimed at solution of problems now perplexing and crippling the country. They are blazing trails out of our wilderness of problems, trails that are plain to follow.

Reducing governmental costs

ONE of our chief problems is the high costs of government. A program for reducing these costs was outlined by the Chamber's Committee on Federal Expenditures, headed by Matthew S. Sloan, of New York. As a part of this program, the Committee, in its report to the Board, urged a reduction of at least \$400,000,000 annually in veterans' benefits. It pointed out that federal expenditures for veterans' pensions and benefits in the fiscal year 1932 totalled \$1,106,928,312, represented about 24 per cent of all federal expenditures.

The Committee opposed payment of adjusted compensation certificates prior to their maturity, holding that the \$2,200,000,000 payment involved would place a staggering load on the Treasury, strain national credit, unbalance the budget, increase taxation, open the way to straight old-time pension demands, and be unfair to the veterans themselves.

The \$400,000,000 reduction in veterans' benefits, under the Committee's plan would be achieved chiefly through restricting disability compensation to veterans suffering from service-connected disabilities which materially handicap them in competition in civil life, and through legislation giving better control of veterans' expenditures.

Recommendations concerning federal budgetary procedure are also being drawn by this Committee.

The hearings of the Shannon Committee have thrown light on the extent of Government competition with private business. As a further step in the United States Chamber's continuing fight against such competition, a special committee was named to formulate principles which should equitably govern in this field. Chairman of this committee Henry D. Sharpe, of the Brown and Sharpe Manufacturing Company, Providence, R. I., heads this group.

It reported, in part, that:

The Government should not engage in any form of business or service except for purposes clearly necessary in the proper administration of governmental functions which are pursuant to the provisions of the Constitution.

If, under any circumstances, the Government engages in any activity in competition with private enterprise, or in substitution for private enterprise, it has an obligation to ascertain the true costs and make them public.

Every government agency engaged in activities in competition with private enterprise, as well as every agency dealing with private enterprise, should be required to refrain from every form of unfair competition and practice.

The Government's employment of personnel for functions not directly governmental should be limited to persons

Where Business Will Meet in November

DATE	ORGANIZATION	CITY
1-4	National Association of Practical Engineers	Refrigerating En-
7-9	Institute of Radio Engineers	Chicago
14-16	National Tire Dealers Association	Rochester, N. Y.
14-18	American Bottlers of Carbonated Beverages	Atlanta
14-18	Crown Manufacturers Association of America	Cleveland
wk. of 14	National Paint, Oil and Varnish Association	Washington
wk. of 14	American Paint and Varnish Manufacturers Association	Washington
14-18	Master Photo Finishers of America	New York
15-17	American Petroleum Institute	Houston
16	Southern Cypress Manufacturing Association	Jacksonville
17-19	National Battery Manufacturers Association	Cleveland
18	Southern Appalachian Coal Operators Association	Knoxville
22-26	National Inventors Congress	St. Louis
29	American Association of Creamery Butter Manufacturers	Chicago
30-12/2	Mid-West Implement Dealers Association	Omaha

"PUBLIC ENEMY NO. 1"

**...takes his toll
day after day**

TWELVE hundred buildings a day—that is the average toll of fire—"Public Enemy No. 1."

This loss, great as it is, would be far greater but for continuous, aggressive fire prevention work.

Mutual fire insurance companies have taken a leading part in fire prevention effort for many years and through this effort a great army of mutual policyholders has learned how to protect property from the possibility of fire.

One direct result of this has been a marked reduction of fire loss and this saving, under the *mutual* plan, has been passed on to policyholders in dividends—millions of dollars annually—a substantial part of his insurance premium to the individual policyholder.

The sound protection and the considerable saving in cost that is made possible by the mutual plan of insurance has appealed to thoughtful property owners for well over a century and a half—never more than now when it is so necessary to keep every item of overhead cost down to a minimum.

American property to the extent of over 40 billions of dollars is protected

against fire under *mutual* policies. Any property owner not mutually protected will find interest and value in a booklet outlining the history, principles and methods of mutual insurance. It will be sent free on request with no obligation or solicitation. Address the Federation of Mutual Fire Insurance Companies, Room 2100B, 230 North Michigan Avenue, Chicago, Illinois.

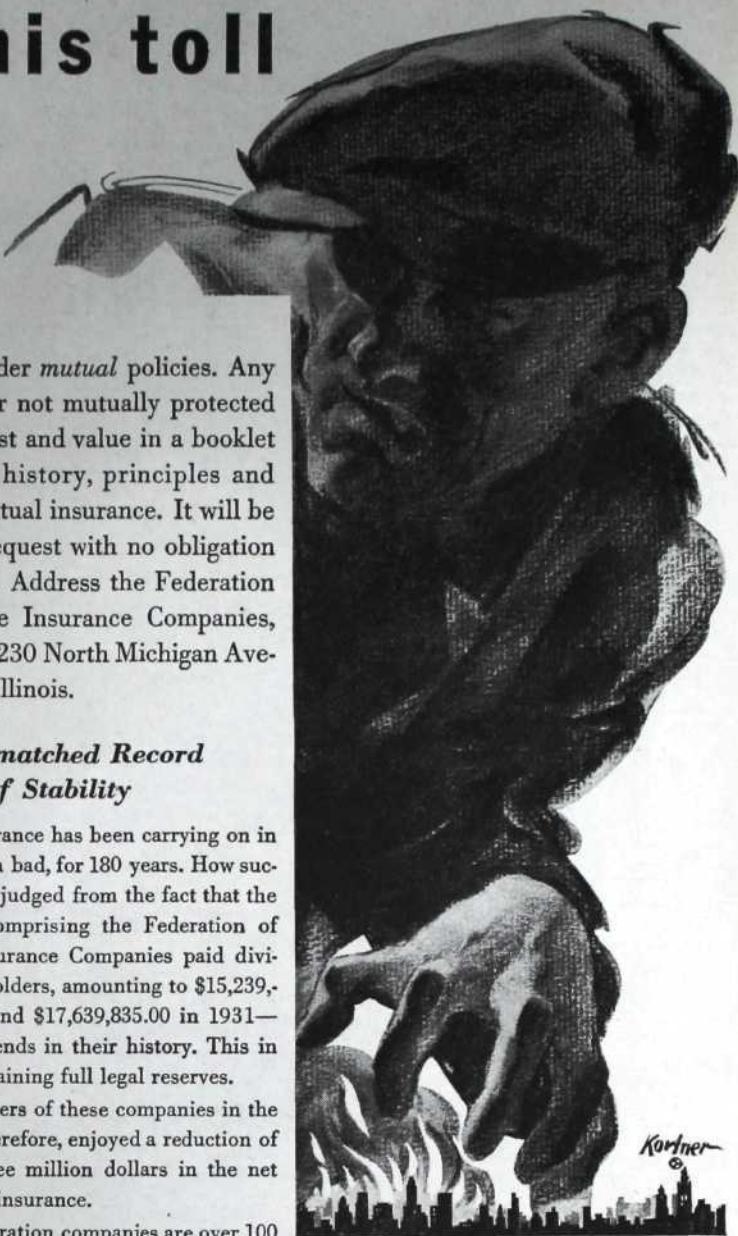
***An Unmatched Record
of Stability***

Mutual fire insurance has been carrying on in good times and in bad, for 180 years. How successfully may be judged from the fact that the 75 companies comprising the Federation of Mutual Fire Insurance Companies paid dividends to policyholders, amounting to \$15,239,744.00 in 1930, and \$17,639,835.00 in 1931—the largest dividends in their history. This in addition to maintaining full legal reserves.

The policyholders of these companies in the last two years, therefore, enjoyed a reduction of nearly thirty-three million dollars in the net cost of their fire insurance.

Six of the Federation companies are over 100 years old; fifty-four have more than half a century of corporate existence.

Mutual fire insurance has grown with the nation from its beginnings. The depression years have accentuated its fundamental soundness.



**FIRE—
"Public Enemy No. 1"**
has destroyed property to the extent of
over 5 billion dollars in the last
ten years.

MUTUAL FIRE INSURANCE

FEDERATION OF MUTUAL FIRE INSURANCE COMPANIES

Nation-wide Representation and Service

An American Institution

[TO EXECUTIVES WHO WANT TO MAKE MONEY IN 1933]



MILLET'S "THE SOWER"—FROM A PHOTOGRAPH BY BRAUN & CIE

Behold, a sower went forth to sow

Some seeds fell by the wayside . . . some fell upon stony places where they had not much earth . . . some fell among thorns—but others fell into good ground and brought forth fruit, some an hundredfold.



Men who guide large enterprises this year are giving time to *details*. They are resuming authority which in easy years was largely delegated.

Advertising—on which depend sales, profits, dividends, employment—is important enough to engage the time of the president, chairman, director, sales manager—as well as the advertising department.

Capable executives know the wisdom of *concentrating* sales effort on Grade A outlets and Grade A territories . . . of choosing those newspapers which deliver circulation *concentrated* in Grade A cities and Grade A territories.

Waste circulation . . . ghost circulation . . . scattered circulation . . . inflated circulation . . . must be avoided. Not one dollar should be sown by the wayside . . . or in stony places or among thorns.

Scripps-Howard says "Concentrate Your Advertising Where Sales Can Be Made At Greatest Profit."

SCRIPPS • HOWARD NEWSPAPERS

MEMBERS OF THE UNITED PRESS . . . OF THE AUDIT
BUREAU OF CIRCULATIONS AND OF MEDIA RECORDS, INC.

NEW YORK *World-Telegram* SAN FRANCISCO . . . *News* BUFFALO . . . *Times* COLUMBUS . . . *Citizen* YOUNGSTOWN *Telegram* HOUSTON . . . *Press*
CLEVELAND . . . *Press* WASHINGTON . . . *News* INDIANAPOLIS . . . *Times* AKRON . . . *Times-Press* FORT WORTH . . . *Press* EL PASO *Herald-Post*
BALTIMORE . . . *Post* CINCINNATI . . . *Post* DENVER *Rocky Mt. News* BIRMINGHAM . . . *Post* OKLAHOMA CITY *News* SAN DIEGO . . . *San*
PITTSBURGH . . . *Press* COVINGTON *Kentucky Post* TOLEDO . . . *New-Bee* MEMPHIS *Press-Scimitar* KNOXVILLE *News-Sentinel* EVANSVILLE *Press*
—*Kentucky Edition of Cincinnati Post* ALBUQUERQUE . . . *New Mexico State Tribune*

250 PARK AVENUE, NEW YORK • CHICAGO • SAN FRANCISCO • DETROIT • LOS ANGELES • ATLANTA • PHILADELPHIA • BUFFALO • DALLAS

representative please mention *Nation's Business*



SCRIPPS-HOWARD

A real adding machine



fits in a desk drawer

HERE is a new listing and adding machine worthy of the famous name *Remington*... so small it takes less desk space than an ordinary letterhead. You carry it in one hand from one department to the other; if necessary from office to home.

Just look at these features:

- 1. Weighs only 11 pounds.
- 2. Fits in a desk drawer.
- 3. Lists and adds.
- 4. Simplified multiplication.
- 5. Capacity up to \$10,000,000.00.
- 6. Visible adding dials.
- 7. Speedy 10-key keyboard.
- 8. Convenient correction key.
- 9. Light, fast handle pull.
- 10. Automatic ribbon reverse.

A masterpiece of mechanical excellence

Just the machine you've been waiting for... ideal for the small business, the traveling auditor, the professional man, the large business where machines are needed on many desks. See it; compare for yourself. Phone our office today. (Consult classified directory in your local telephone book).

New Remington Portable Adding Machine

Accounting Machine Division... Remington Rand Inc., Buffalo, N.Y.
Branches in all principal cities

technically qualified to make specifications as to services, goods, and construction needed for the Government's purposes, determine impartially and expertly which tenders of private citizens should be accepted to supply the Government in accordance with such specifications, and inspect the performance of such contracts.

Every association of business men and every other field of interest that had sought activities upon its behalf, not in themselves properly governmental in nature, should withdraw its advocacy and support and should provide at its own cost for these activities.

Sharing work to aid employment

TO RELIEVE the unemployment situation the Chamber's Special Committee on Working Periods in Industry urged that employment be generally spread and that hours of work for each person employed be restricted to not more than 40 a week during the present emergency.

This Committee is headed by P. W. Litchfield, president of the Goodyear Tire and Rubber Company.

In the field of finance the Chamber's Committee on Banking, under the chairmanship of Harry A. Wheeler, president of the Railway Business Association, presented conclusions upon 18 propositions regarding federal legislation on structure, operation and regulation of our banking system. A referendum on these has been ordered by the Board.

These conclusions are directed to questions of Federal Reserve operation and policy; proposals for stricter regulation of banks together with their affiliated organizations, whether security affiliates or holding companies; speedier liquidation of suspended banks; and the minimum capital which should be required for the establishment of national banks. Opposition was registered to legislative proposals for guaranty of bank deposits and for stabilization of commodity prices.

Definite legal status for group banking was recommended as were a number of measures for the regulation of such banking. The right to engage in state-wide branch banking should be given national banks, in the Committee's view, subject to careful restrictions, many of which were enumerated. A proviso was added that in states not now permitting such branches to state banks a period of six months should be allowed before this proposed change in the National Bank Act becomes effective so that such states would have opportunity to enact laws for state chartered banks to conform.

The Coal Men Test the Sherman Law

(Continued from page 34)

legality of the present sales agency plan. The Department has, however, cooperated with the industry to expedite a decision.

The important facts agreed upon by both parties are that the 137 companies control about 70 per cent of the total coal produced in the particular region, and that the coal of this region represents about 15 per cent of the total coal mined east of the Mississippi River. The operators contend that there is continuous competition with the coal from other fields, and that it would be impossible for the agency to exact unreasonable prices from the public. The operators admit that, among the 137 operators, destructive competition is checked, but contend that under the "rule of reason" as developed in the United States Steel case, an arrangement such as is embraced in the Appalachian Coals agency plan would not constitute an unreasonable restraint of trade that would be contrary to public interest.

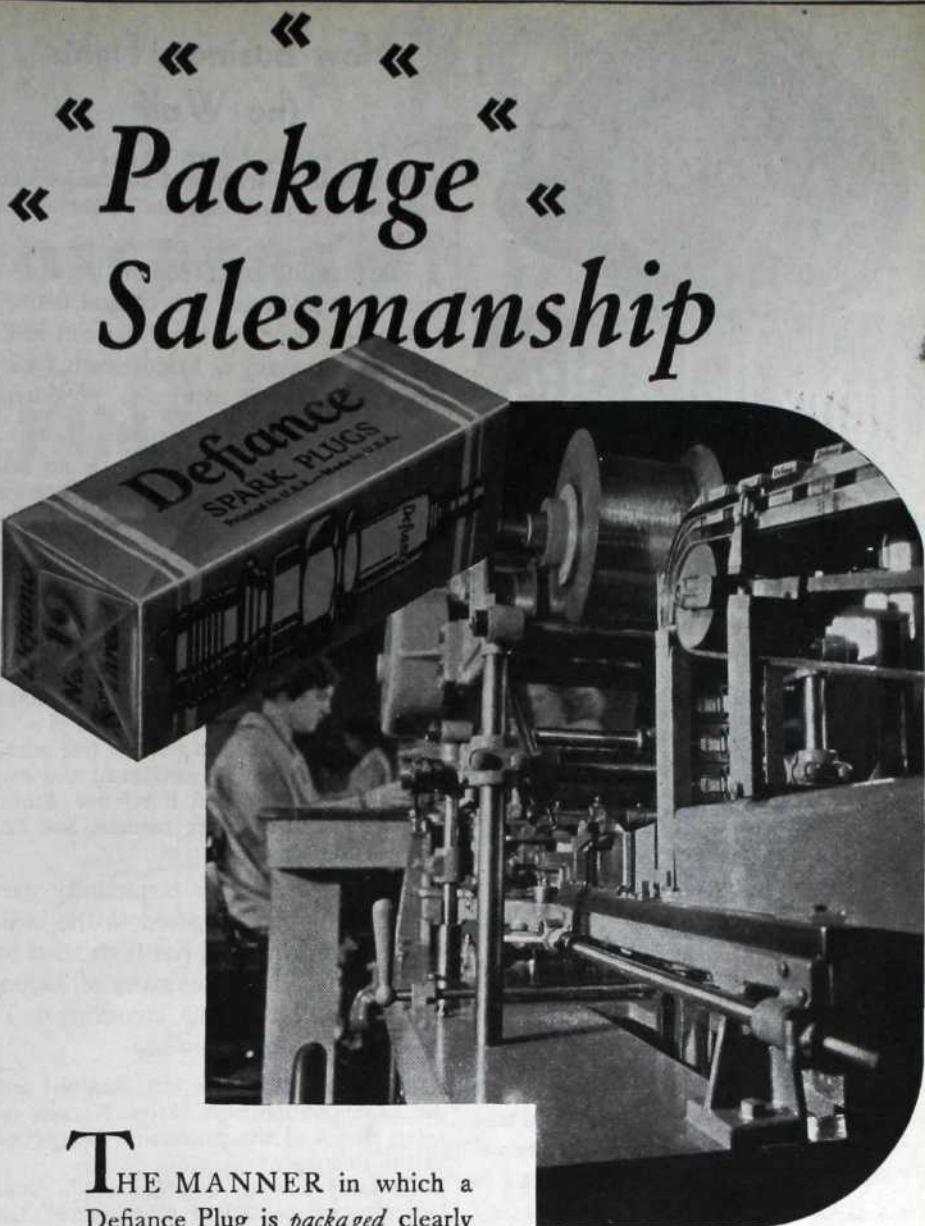
Many authorities on our anti-trust laws contend that the basic concept of the Sherman Act is to preserve competition on the theory that competition encourages individual progress and protects the public against unreasonable prices; but that where there are so many competitive units as in the bituminous coal industry, it is impossible to maintain competition on the ethical plane necessary in the public interest as well as that of the industry without some form of joint organization or agreement.

Compared with mergers

THEY point to mergers in numerous industries where competition is clearly limited among the units composing the merger, but where they are not illegal so long as they do not restrain trade unreasonably by limiting competition within the entire industry.

Such a principle, the coal operators contend, if applied to Appalachian Coals, Inc., should establish the legality of this plan, and might well prove a determining factor in bringing stability to the industry.

The most important question concerning the Sherman Act is whether it is sufficiently adaptable to meet modern business and economic conditions, or whether it is so inflexible that further legislation is needed.



TH E MANNER in which a Defiance Plug is *packaged* clearly and definitely implies extreme care in manufacture. When you buy a Defiance Spark Plug, you find it securely sealed in an attractive Cellophane wrapper. You can be sure that it is as perfect in every way as when it passed the last careful check-up in the Defiance plant.

One cannot help but feel that a manufacturer who takes such extreme care in packaging his product, must be equally exacting throughout his entire manufacturing process.

This is sound merchandising—and it is being successfully applied to many other products besides spark plugs.

Defiance Spark Plugs are one of the great variety of articles which are wrapped on the machines of the Package Machinery Company.

Our business has been built on our ability to provide machines which produce outstanding packages—*packages that sell*. In our organization you will find years of experience, and an intimate knowledge of modern packaging trends to assist you in solving your packaging problems. Get in touch with our nearest office.

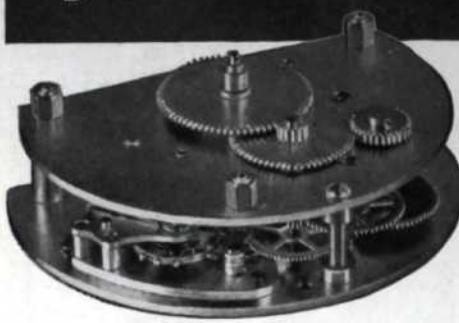
Package Machinery Company
Springfield, Massachusetts
New York Chicago Los Angeles
London: Baker-Perkins, Ltd.

PACKAGE MACHINERY COMPANY

Over 200 Million Packages per day are wrapped on our Machines



Detex Reliability Again Increased



—by a Movement of Surpassing Design

Reliability, accuracy and continuity of the record have always been outstanding qualities of Detex Watchmen's Clocks.

Now, Detex Watchmen's Clocks are equipped with a new movement of surpassing design, fitted with Breguet hairspring, compensating balance with regulating screws and shock-resisting balance pivots. Like all previous Detex movements, it is especially designed for watch-clock use. It is 100% American made.

This new Detex Movement has the strength needed for the battering of service, the precision needed for accuracy of timekeeping. Both of these qualities combine to give a new and even greater assurance of uninterrupted accuracy and continuity of service

● Look for the nearest Detex Dealer in the classified section of your local telephone directory under "Watchmen's Time Clocks." Representatives are located in all principal cities. Complete information on request. Approved by the Underwriters' Laboratories, Inc., and the Factory Mutuals Laboratory.

DETEx WATCHCLOCK CORPORATION
4153 Ravenswood Ave., Chicago, Ill. 29 Beach St., Boston
80 Varick St., N.Y. Room 800, 116 Marietta St., Atlanta

NB-11

DETEx

WATCHMEN'S CLOCKS

NEWMAN ★ ECO ★ ALERT ★ PATROL

When writing please mention Nation's Business

How Business Fights the Wolf

(Continued from page 25)
4,000 bushels of fruits and vegetables were distributed to needy families of Studebaker employees.

The plan for using the land to supplement earning power is a central feature of the relief work of the American Rolling Mill Company of Middletown, Ohio. Charles R. Hook, company president, explains the plan:

Offering gardens to our men is no new thing. We began it in 1916 as a conservation movement inspired by patriotic motives. After the war, we were surprised to find that the garden habit still persisted. There was a sufficient demand to warrant continuing this activity through the interval of prosperity. Now our men want more land and are cultivating their crops excellently. We provide the land, in units approximating 50 by 100 feet, and plow it free. At present we also provide free seeds, fertilizer, and spraying equipment and material. Six hundred and thirty-five Armco men are tilling company gardens, and 229 acres are under cultivation.

The cooperative or community gardening project as opposed to the individual allotment plan has been tried by the B. F. Goodrich Company of Akron. Here's how it was done, according to T. G. Graham, vice president:

A tract of 275 acres was obtained and put to cultivation near Akron. Workers receive shares of the produce in proportion to the time spent.

To carry out the program a non-profit corporation, the Akron Community Gardens, Inc., was organized and a state charter obtained.

Goodrich, sponsoring this plan, is also supplying the necessary funds. Company trucks transport workers to and from the plot and each man who applies gets specific days on which to work.

We decided to concentrate on one large garden rather than on small, individual gardens because production of each vegetable in soil specially prepared is less wasteful than planting all kinds of vegetables in smaller lots, agricultural experts say.

Men working large acreage under expert supervision need not be expert farmers.

The major effort of Goodyear Tire and Rubber Company has been to distribute available work. Here is their plan as described by P. W. Litchfield, company president:

By May, 1930, the Company had laid off a rather large number of employees, most of whom were inefficient and of short service. By July, 1930, we had been forced to lay off more and longer service employees. A scheme for rotating employees was devised allowing us to recall all the employees we had laid off since May of that year.

This plan was to rotate one day off in seven, thus spreading the work and giving more men jobs. It was not long, however,

How to Cut Expenses yet INCREASE SALES



The A.W.A.
Presents a New Plan
in this FREE BOOKLET

• Write for your Copy!

THE smart sales manager, in these trying times, is directing his efforts toward two objectives:

- 1—Getting all the business he can from immediate territories served by his sales force.
- 2—Going after business in the few "bright spots" on the business map—many of which are far-removed from the home factory.

Direction of sales activities nowadays must be tempered with caution . . . or mounting overhead will wipe out all possibility of profit! Alert executives are finding common-sense information and inspiration in a booklet published by our Association—a booklet entitled: "Increasing Your Sales Through the Use of A.W.A. Merchandise Warehouses."

This booklet, now in its third edition, tells how to gain regional or national distribution for your product at minimum cost . . . how to reduce branch house overhead by using our warehouses as your own branch distributing points . . . how to place spot stocks of your merchandise in the cities where your goods can be most readily and profitably sold.

No matter what you make or market, write today for your free copy of the A.W.A. Booklet. It will be a helpful guide to constructive business thinking in this year 1932!



**AMERICAN
WAREHOUSEMEN'S
ASSOCIATION**

2042 Adams-Franklin Bldg., Chicago, Ill.

When writing please mention Nation's Business

until it was necessary to go to one day off in six, and later to one day off in five.

Rotation proved to be somewhat inefficient and difficult to administer, but was continued until October, 1930, when the whole plant changed over to six-hour shifts. We worked four six-hour shifts a day, six days a week. This gave the employees 36 hours compared to the former regular week of 48 hours. The six-hour shifts proved to be better for both employee and the company and also provided jobs for 3,000 workers.

As consumption still decreased, it was necessary for us to reduce days worked until, in the winter of 1931, the employees were getting only 18 hours a week.

Starting January 1, 1932, the company arbitrarily increased production enough to give the employees 36 hours a week with the hope that business would pick up enough to warrant such production. On October 1 of this year, the general offices also went on a five-day week, a step which added 100 persons to the accounting department pay roll.

However, after a few months it was necessary to reduce working days again. At present we are still working six-hour shifts but the employees are only averaging around 24 hours a week.

Along with this rotation the Company worked in several other relief programs.

The company plowed up some of its vacant land and plotted it off for gardens for the unemployed as well as employed. Seeds were given free.

All employees in the offices were urged to hire unemployed men for odd jobs at home. In the spring of 1931, about 80 men obtained temporary work by this means. We did the same thing this spring.

Goodyear has a loan fund from which employees may borrow without interest.

To long-service men no longer able to carry on their work but not eligible for pension, a dismissal wage is paid when they leave the Company. This "Service Award," as we call it, amounts to one month's pay for each year's continuous service up to and including 15 years' continuous service. For each year beyond 15 years, one month's additional wage is added.

In the case of the Hills Brothers Company a main reliance was on the dismissal wage to tide over the worker out of a job. The plan is thus described by Ernest G. Draper, vice president:

Hills Brothers employs about 2,000 workers, growing and packing food products (chiefly dates) in this country and abroad.

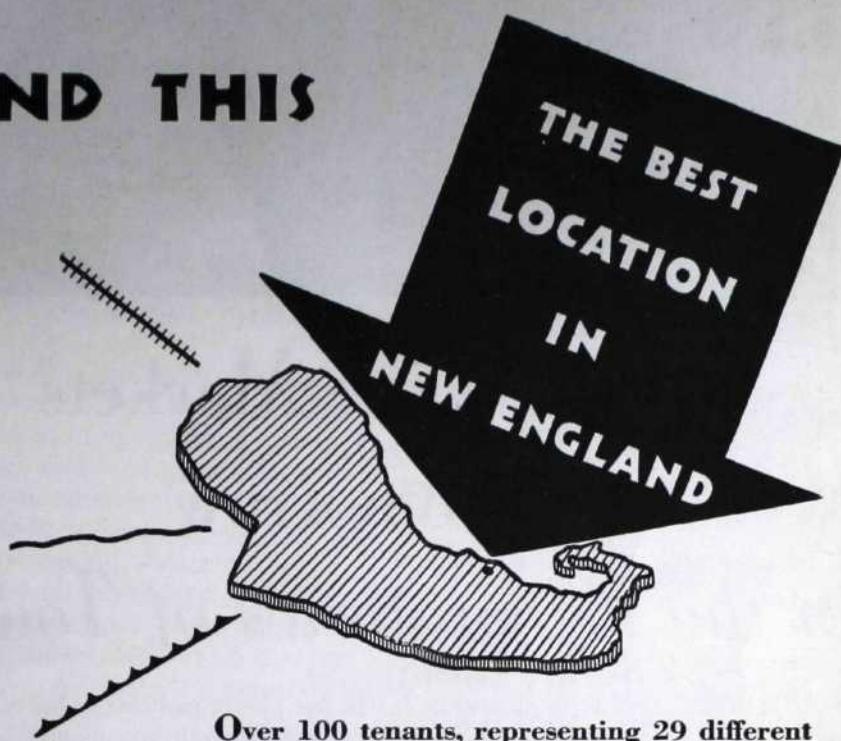
Our effort in the present employment crisis has been to keep as many workers as possible at steady work and, in cases of lay-off, to pay a dismissal wage. In 1931, we paid about \$2,500 in dismissal wages. In 1932 we shall probably pay about \$15,500. While this is a large increase, we still believe it to be well worth while.

The companies who have told what they are doing to help their men in these days of strain are only a handful of the great group of American industries. They could be multiplied a thousandfold and still we should not exhaust cases where business executives have planned to help their fellow workers in overalls.

• 29 •

DIFFERENT INDUSTRIES

FIND THIS



Some of our nationally known tenants:

American Can Co.
Armour Leather Co.
Cudahy Packing Co.
First National Stores
Sherwin-Williams Co.
Simmons Company
United States Leather Company
Westinghouse Electric & Manufacturing Co.

Over 100 tenants, representing 29 different industries, find the *Boston Wharf* property the most desirable location in New England for manufacturing and distributing purposes. Many of them have been established here for twenty years or more.

Situated but ten minutes' walk from the business section of Boston, this property is a fully developed industrial section adjacent to the terminals of two railroads . . . equipped with paved streets and miles of spur track. Ninety modern buildings occupy the premises . . . Rents, insurance, and other charges are relatively low. Delivery to any part of the New England market can be made by rail, truck, or steamer within twenty-four hours.

Investigate the possibilities of *Boston Wharf* service for your business by clipping the attached coupon and mailing it with your letterhead.

BOSTON WHARF COMPANY

Industrial Service Department — Dept. NBN

BOSTON WHARF COMPANY, 259 Summer Street, Boston, Mass.

Please mail your FREE booklet which tells how to reduce distribution costs and build up profits in New England.

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Winning the Markets of Tomorrow *in the Laboratories of Today*

GOODS THAT SELL in tomorrow's market will be goods that embody new ideas and new materials. Chemistry, engineering and art are being enlisted for the battle to regain old markets and win new ones. In all three fields Bakelite Resins, and the materials made from them, are serving the creative minds of industry.

The opportunities that exist for industry to develop new materials, or improved products with the aid of Bakelite Resins are indicated by these few examples. One form of Bakelite Resin is used to water-proof adhesive bandages; another form is used for making wear and weather resistant varnishes and enamels; still another is used for producing a new type of decorative and durable wall board; and a fourth for bonding abrasive grit into grinding wheels to operate safely at high speeds.

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In the plastic molding industry, many notable accomplishments may be credited to Bakelite Molding Materials. These are of various types to meet different needs. In addition to the widely known standard forms, there are high dielectric, heat-resistant, and shock-resistant types of Bakelite Molded. Through these practically every need may be met without special materials. A thorough knowledge of Bakelite Resins and Bakelite Materials, and their properties, is an invaluable asset to those in charge of product development. Our engineers and laboratories offer cooperation in adapting Bakelite Materials to your needs. Much helpful information may also be obtained from our descriptive booklets which will be mailed upon request. Write for 1M, "Bakelite Molded," 1L, "Bakelite Laminated" and 1V, "Bakelite Varnish."

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numerical sign for infinity, or unlimited quantity. It symbolizes the infinite
number of present and future uses of Bakelite Corporation's products.

THE MATERIAL OF A THOUSAND USES

A. T. A. E. Begins a New Year

CHANGING functions, objectives and activities of trade associations were the guiding topics discussed at the thirteenth annual convention of American Trade Association Executives, held in Atlantic City in mid-September. President Hoover indicated his interest in the meeting in a letter to Warner S. Hays, president of the trade executives. He wrote:

I will be obliged if you will express my cordial greetings to the American Trade Association Executives. Their organized attack upon such problems as the spreading of employment, reduction of selling costs, modernization of plant equipment, active search for new products and new markets, adoption of more liberal credit policies, and a score of other forward looking measures, offers a constructive opportunity for the leaders and spokesmen of organized business to secure further advances in the struggle for economic recovery.

The various phases of business activity with which the trade associations are directly concerned were informatively visualized in a display to which 30 of the organizations contributed. Services represented included fundamental economies, price reporting, market studies, statistics, combating unfair competition, trade promotion, new activities, maintenance of membership, and internal organization. Vote of the trade executives will determine which of the exhibits indicates the greatest accomplishment in the promotion of public welfare. The winning exhibit will be entered in the competition for the A. T. A. E. award, presented annually to the association adjudged to have done most to raise commercial standards within an individual industry.

Fighting for business recovery

PRESENT opportunities for trade associations were stressed by several speakers. Mr. Hays, in his presidential address, told the member executives that, "More prominent place must be given and taken by the trade association in the war for business recovery now being waged by the business and economic strength of the nation under the leadership of the Administration."

Dr. Lewis Haney, professor of economics, New York University, said, "The trade association should avoid inflationary ballyhoo and artificial price maintenance tactics. It should emphasize economy, sound credit, tariff moderation, and the adjustment of prices



The newest ally of high-speed business AIR EXPRESS

COMMERCE has speeded up another notch. Air express is now an established fact. It is being used by many businesses . . . to beat competitors, open new markets, serve customers with high-speed shipments, reduce inventories at distributing points.

American Airways, Inc., has joined with other leading air lines to organize General Air Express—The Interline System. It serves directly the major industrial centers, with air, rail, and bus connections to all parts of the western hemisphere. Fast day and night schedules, low rates, special pick-up and delivery, only one way-bill.

To make a shipment, wrap and weigh your package as usual; then telephone Postal Telegraph. A Postal messenger will call, give you a way-bill receipt, and dispatch the shipment on the first available schedule. There is no extra charge for pick-up and delivery.

Your executives, your shipping department, and especially every one concerned with sales, should be fully informed about this vitally important service. Write for the General Air Express tariff and complete information. American Airways, Inc., 220 North Fourth Street, St. Louis, Missouri.

American Airways, Inc., offers a nation-wide passenger service, coast to coast, Canada to Mexico. 174 planes, flying a million miles a month. Its coast-to-coast route is the "Fair-Weather Southern Route." . . . Air Mail carried on all flights. Use the Air Mail; it arrives earlier and gets better attention.

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according to the law of supply and demand. It should be an agency for disseminating economic truth."

Dr. Stephen I. Miller, economist for R. G. Dun & Company, New York, declared that "the trade association is likely to play an important rôle in any government program which has in mind the stabilization of the general price level.

"There has been too much business and too little economy. A coordinated trade association program is not merely expedient—it is imperative."

Fostering cooperative action

THE evolution of trade association policy through the years of their growth was tersely traced by George F. Barker, sales manager, Reading Paper Mills, Reading, Pa.

"Originally the trade associations were conceived to take advantage of favorable business conditions," he said, "and they finally became defensive organizations safeguarding trade against demoralizing and ruinous practices and fostering cooperative trade action."

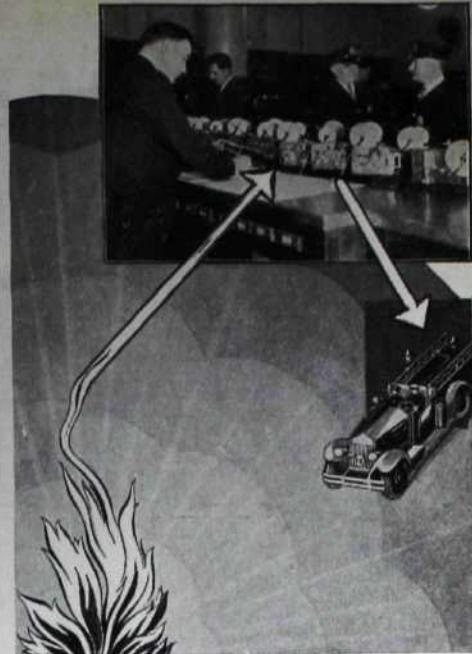
Other speakers included T. W. Howard, director of uniform accounting for the National Electrical Manufacturers Association; Dr. Wilson Compton of the National Lumber Manufacturers Association; John Sullivan, marketing counselor; Herbert J. Tily, president of Strawbridge & Clothier, Philadelphia; Ralph E. Flanders, vice president and general manager, Jones & Lamson Machine Company, Springfield, Vt.

Among the new trade association activities reported at the meeting were the inspection and resilvering service established by the Mirror Manufacturers Association, the modernization market developed by the Heating and Piping Contractors National Association, the new applications of copper discovered by the Copper and Brass Research Association, and the industrial engineering service provided by the United Typothetae of America.

The officers elected for the ensuing year are:

President, Roscoe C. Edlund, Manager, Association of American Soap & Glycerine Producers, Inc., New York City; Vice President, Paul S. Collier, Secretary-Manager, Northeastern Retail Lumbermen's Association, Rochester, N. Y.; Treasurer, E. P. Chalfant, Executive Vice President, National Standard Parts Association, Detroit; Secretary, Miss Frances M. Merrin, Secretary, Michigan Laundryowners' Association, Detroit.

—R. C. W.



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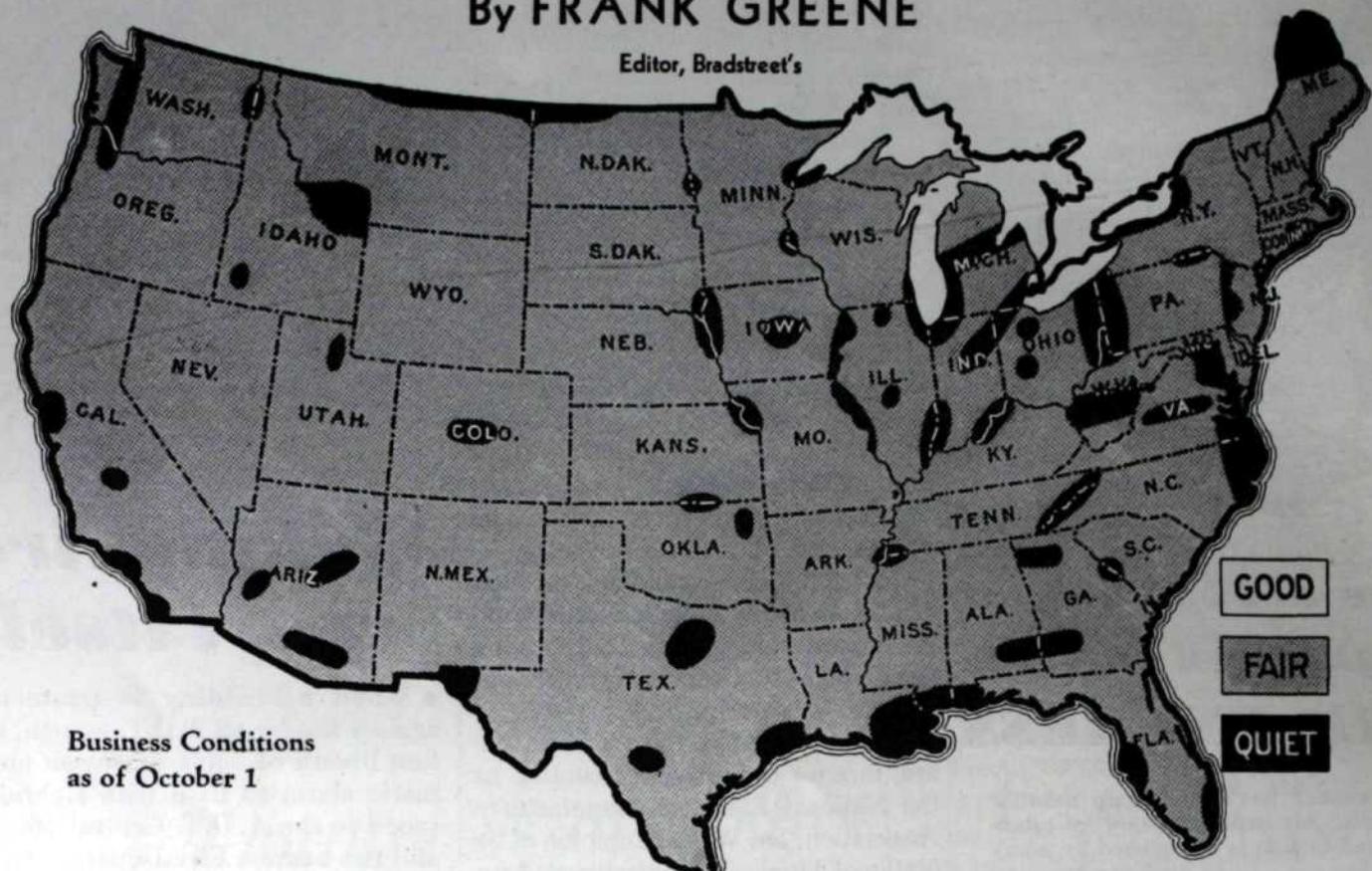
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The Map of the Nation's Business

By FRANK GREENE

Editor, Bradstreet's



THE BUSINESS situation in September remained generally cheering. Trade and industry advanced and the commodity-price index gained although the stock market lost slightly in prices and sales

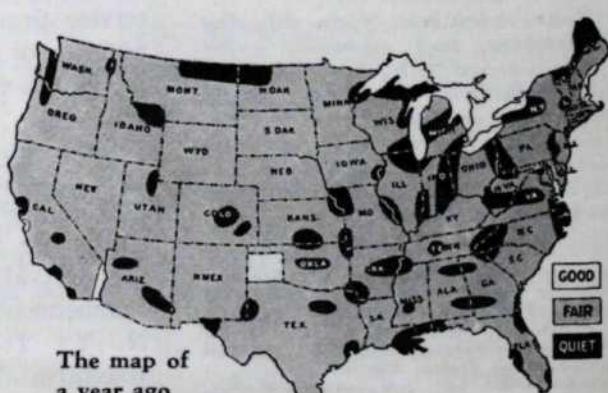
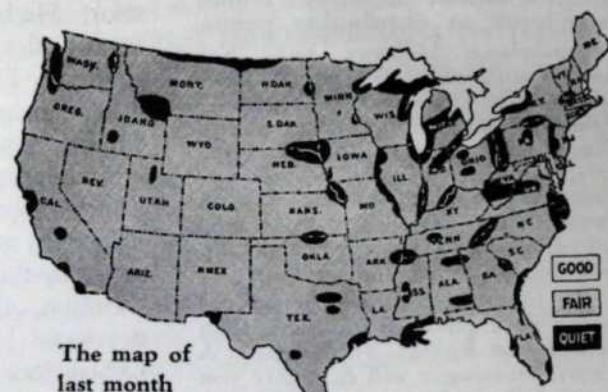
SEPTEMBER saw the trade and industrial divisions of the business army both report and make progress. The financial and commodity price divisions, which started earlier, showed less uniformity. The stock market fell off slightly in prices and sales, while the price index, though gaining for the fourth consecutive month, indicated weakness in farm products. Semi-finished lines reported most of the gains.

Harvest movements only partially explained the easing in leading crop prices. On balance, the situation maintained most of its earlier promise and the general tone was better, even if the map, in which comparisons are made with a year ago, has not brightened much.

Financial affairs are improved

IN THE financial situation, the more basic elements were promising, even if stocks and, to some extent, bonds, showed reactions from the hot pace of July and September. The bank situation improved. There were fewer suspensions and more resumptions than at any time since last spring. Gold imports rather than exports were a feature of the international situation.

Hoarding of currency, too, was relaxed and Reconstruction Finance Corporation borrowing dropped sharply. There were still complaints of credit tightness, these contrasting sharply



While shadows still prevail on this month's business map the general tone of business is better and most of its earlier promise is maintained

Meat...THE UNIVERSAL FOOD

**International Trucks Serve the Public
Through Serving the Meat Industry**



Hauling at Low Cost

The Pittsburgh Provision & Packing Co., Pittsburgh, Pa., kept records on a fleet of seven 6-cylinder Internationals last year and found the operating cost to be $5 \frac{9}{10}$ cents a mile—all possible costs except drivers' wages included. Most of the trucks had traveled between 30,000 and 40,000 miles before the analysis was made. Complete details on request.

Most of the trucks in the Pittsburgh Provision & Packing Co. fleet are International A-2's. The model A-2 now sells for

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for 136-inch wheelbase chassis f. o. b. factory
(taxes extra)

Other International sizes $\frac{3}{4}$ -ton to $7\frac{1}{2}$ -ton. Ask for demonstration. Call a branch or dealer, or write us.



* Livestock and livestock products provide over 50 per cent of the total annual income of the American farmer.

** Official figure for 1930, latest available. This valuation was exceeded only once, in 1919, under wartime conditions.

★★★ In the 16 major markets during 1931 the trucked receipts equalled over 302,000 cars of livestock.

THE mind is staggered by the facts and figures that sum up the vastness of the meat industry. The world awaits breathlessly, as well it may, for signs of improvement to come into the price levels of the hog and cattle markets. For here is a basic commodity that means prosperity to Agriculture* and to Industry.

MEAT—giant among food industries—competes with the automotive industry for first place. An average of 115 million head of livestock are produced each year to provide the larders of the land with health and energy-building meats. Seventeen billion pounds of meat are marketed annually with a total value reaching to \$3,500,000,000.★★

A wonderful industry—a demand-

ing industry for truck service—a popular field for Internationals! In every branch of this industry, so closely linked with Agriculture, there is a preference for International transportation. From farms to great central markets, ★★★ from packing houses to wholesalers, retailers, and thence to you, meat products go economically in International Trucks.

International Harvester is proud of the reputation established by many thousands of International Trucks serving the public through serving the meat industry.

These trucks do as good a job in every line of business—and at the same low costs. If you have loads to haul, find out what International Trucks can do for you.

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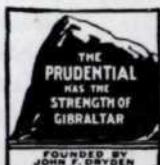
Every twelve months your employees move one year closer to the problem of old age.

Each year's delay in starting your pension plan will make the problem harder for you and for them.

Let us show you how an insurance company can help in pension matters.

You may find it easy to start that plan you have always desired.

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HAND TO YOUR SECRETARY

Please write on my letterhead to Group Pension Department, The Prudential Insurance Company, Newark, N. J. Ask them to send a copy of "A Little Book about Pensions."

with the easy rates quoted for loans. In retail trade, coolness in Labor Day week was a potent, if temporary, stimulant. Lessened decreases in chain, mail-order and department-store trade were indicated. Wholesale trade was more cheerful. September business insolvencies were the lightest of the year and showed a decrease from last year, while liabilities were the smallest of any month since September, 1930. This is about as welcome news as any for the month.

Light industries show gains

IN THE industrial division, reports of special activity centering in the lighter lines were confirmed. In wool, cotton and silk manufacturing the rallies in July and August from the low points of last summer were respectively 59, 30, and 58 per cent. September silk deliveries to mills almost equalled those of August. Cotton goods prices shared in the sag of raw cotton in September but the tone of that industry seems cheerful. Wool buying in September quieted from the activity of summer. In electric power, a sort of light-heavyweight industry, the percentages of decrease, heaviest in the Central West, have shown gradual reductions from a year ago. August shoe production, although 50 per cent over July was eight per cent off from August, 1931.

Pig-iron output gained 15 per cent from the low of August and steel capacity increased slightly. Carloadings gained more than seasonally.

Some bituminous coal miners returned to work at lower wages. The automobile trade was rather quiet, reports of sales of stock cars being balanced by light new production, reported due to needed model changes. The petroleum and affiliated industries sent rather depressed reports and there was uncertainty as to price maintenance of the crude article.

Foreign trade increases

FOREIGN trade rallied in August, the first gain since March. Cotton was the best situated line of export trade. Attenuated shipments of wheat from this country seem to indicate that this business has passed to Canada, Argentina and Australia. Price stabilization seems doomed and, pending a new panacea, excessive crops of feeding stuffs seem to forecast lower domestic wheat consumption, thus rendering the disposal of current crops and heavy carryovers from earlier years a still more pressing problem.

What of the Chamber of Commerce?

(Continued from page 27)

assignments 50 per cent of the amount involved. This meant that large sums of money was released for the Christmas retail trade.

A well known manufacturing city of the Middle West was dealt a severe blow in the closing of one of its leading banks. To reopen the bank, it was necessary to effect a reorganization and sell \$1,500,000 worth of stock in the new institution. While most chambers of commerce are rightly opposed to selling stock in private enterprises, the chamber recognized this as an emergency, undertook the sale of stock, and in a few days was able to report that it had been over-subscribed by nearly \$100,000.

Such instances could be multiplied. Some have greater elements of drama and tragedy than others, but all carry an interesting and inspiring story of ingenious and courageous action.

Ingenuity has also been displayed in widespread efforts to stimulate trade. With buying at lowest ebb, with production in many lines at a standstill, it was recognized that the imperative need of the present was a resumption of normal buying, with consequent stimulation all through trade and industry.

"Buy now" proves helpful

VARIOUS expedients were tried. In the beginning there was considerable emphasis on "buy now" campaigns in which the appeal to buy was based largely on duty and patriotism. This was followed by a more constructive device—the sales campaign in which people were urged to buy now because: because prices were low, values high, service and credit liberal—in other words, because it was to the interest of the customer to buy. Lately this type of effort has entered a third phase. Manufacturers of various lines have figured out how many man-days of employment the purchase of a certain quantity or unit of their product will furnish, and chambers have been staging successful campaigns under the slogan "Buy Now to Increase Employment."

In this effort to increase sales, a number of towns have worked out a still different method. It has taken the form of a general campaign whose purpose is to provide jobs, stimulate business, and encourage public confidence. Predicated upon the belief that these objectives would be attained if some assurance were given of a definite amount of pur-



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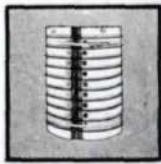
Here fairways are green for golf all-year. Duck hunting season starts November 16; 3 out of every 4 ducks winter near New Orleans. Thoroughbreds are racing. There's fine fresh and salt water fishing nearby. And this historic city, with so many diversions, is just a day away from you. Now's the time to come. We'll help you plan your sightseeing, golfing, hunting, fishing. Write today, or see us when you arrive in America's most interesting city.

CONVENTION AND VISITORS' BUREAU
ASSOCIATION OF COMMERCE, New Orleans

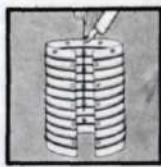


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Free survey service will analyze your shipping problems. No obligation. Write:



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Assembling requires no experience, no machinery or coopers.

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chasing over a given period, the immediate purpose of these campaigns has been to obtain pledges from individuals and firms that they will spend locally a certain sum of money for certain specified purposes within a stated period—three to six months—from the date of the campaign. These campaigns have been attended by generally uniform success.

There is another activity that has to some extent been an outgrowth of the emergency, but that bids fair to project its consequences far beyond the emergency period. I refer to the appointment of committees to deal militantly with taxation and public expenditures.

Helping improve fiscal affairs

AN OUTGROWTH of the retrenchment psychology and necessity of the times, these committees have carried their work far beyond the old type of taxation activity. A taxpayers' association used to be looked upon as a more or less reactionary body, designed to resist what was regarded as progress, and usually opposed to many of the expansionist policies advocated by chambers of commerce themselves. Its objective was to keep down taxes at all hazards.

That note is still strongly sounded, but others are added. Today, chambers of commerce are appointing committees of business men who go carefully into the whole question of public expenditures trying to develop saner and sounder fiscal policies, and assisting city and county administrations in setting up proper budgets.

During the past two years, chambers of commerce have undertaken this important work in large numbers and in grim earnest. They have not only worked for the reduction of local taxes, but have joined forces with the National Chamber in its successful campaign to bring down the expenses of the Federal Government.

So much for some of the practical business activities of our chambers of commerce during the depression. Through them, business men have moved, sometimes uncertainly and fumblingly, to be sure, but in the long run resultfully and with vast achievement, to the advancement of their business interests and the protection of the economic and social system under which they live. But business men are also, and first of all, human beings; and one of the greatest and most far-reaching of the activities undertaken by their chambers of commerce has been the effort to provide work—and where that fails, to provide food and shelter—for the victims of our economic disaster.

From the first, chambers of commerce have been active in relief work, both preventive and remedial. They have organized their communities to provide a maximum of employment on public works and on made-work enterprises, co-operating also with industry in developing operating schedules designed to spread available work as far as possible. In this effort they have greatly stimulated building of all kinds. When these devices have been inadequate to provide work for all, chambers of commerce have, either through their own efforts or by coordinating the plans of all other agencies, contributed greatly to the work of relief. They have raised money, provided jobs, distributed relief and supervised community plans.

They have made mistakes—certainly. This is inevitable in all organization work, where the opinions of many must somehow be fused into a common program of action. But with all their shortcomings clearly recognized, it may still be asserted that they have contributed notably to the cause they serve, both in the matter of emergency measures, and in the equally important matter of keeping their routine activities going. For in spite of the time devoted to business reconstruction and social relief, in spite of necessary retrenchments, it is greatly to the credit of chambers of commerce that they have also gone ahead with the daily grind of work that is of so much importance to the average community, but so little known to the average citizen.

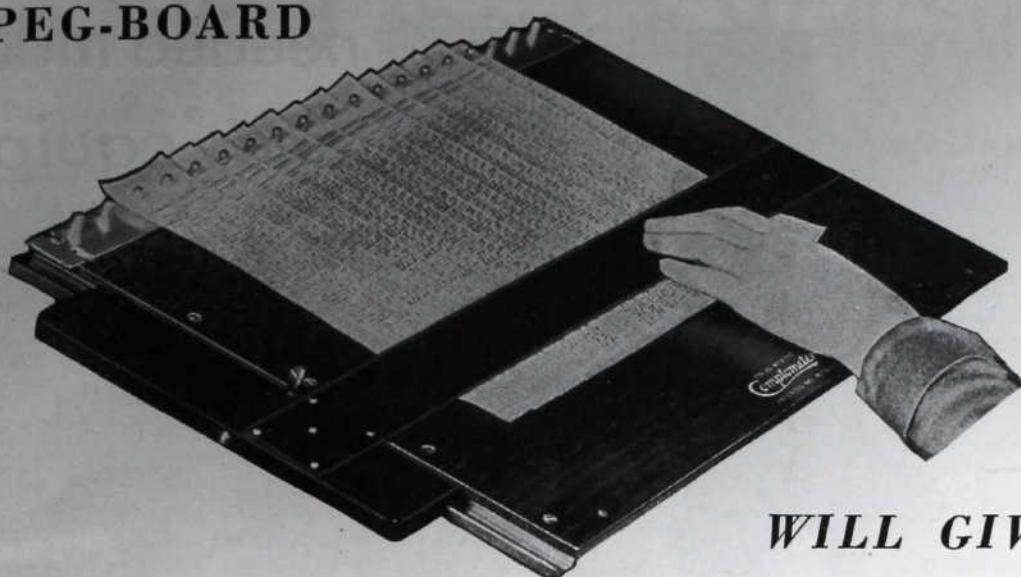
The basis for reconstruction

CHAMBERS of commerce have filled a vital place in the life of our communities, great and small; collectively they bulk large in the economic machinery of our times. Without being reactionary, they are in a real sense conservative of our best institutions. Now especially they are needed in their traditional field and in the work of business reconstruction that is ahead—for practically every measure now being advocated to promote sound recovery depends more or less directly upon chambers of commerce for general application.

The problem of the individual business man with respect to these organizations is clear: If they are to continue their usefulness, they must have the liberal and active support of business men, financially and by personal participation, now and in the future.

That they will receive such support and by collective counsel advance to still greater utility in the community and in the nation, I have no doubt. They are an established American institution.

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EXECUTIVES in many fields of business are turning to our *Distribution Peg-Board Method*, used with the Comptometer, for better results on sales analyses, cost figures, time-keeping routines and other types of accounting work. The reasons are:

Quicker figures! The Distribution Peg-Board produces information when it is wanted . . . in time for quick action. A nationally known instrument company in New York formerly waited until the 15th or 20th of each month for cost and sales figures of the previous month. Now they get necessary statistics daily. A Southern California baking company reports that the Distribution Peg-Board gives them figures on production and distribution, costs and inventories, and other information, in 50% less time than their former method.

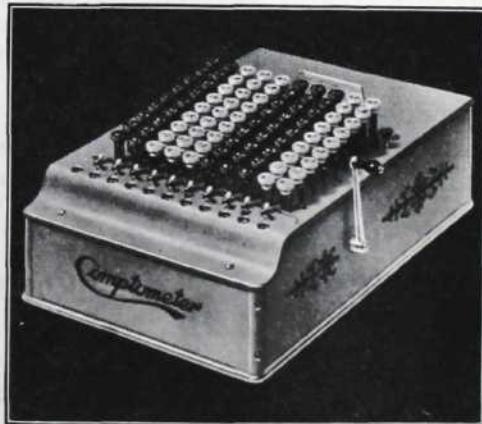
Cheaper figures! The Distribution Peg-Board Method has successfully

replaced more expensive systems in companies throughout the country. A large Middle-Western glass company saved about $\frac{1}{3}$ on the cost of payroll distribution by using our system . . . and accomplished more work. An office outfitter in the South made a saving of \$5000 annually, part of which was in clerical help.

More complete figures! With less expenditure in time and money, more information may be gathered. Using the Comptometer—Peg-Board combination, a branch factory of a stationery company now furnishes its headquarters with weekly statistics . . . impossible under former methods, except at great inconvenience and expense.

Let our representative explain the Comptometer and Distribution Peg-Board Method in detail. Let him tell you how

it achieves speed and economy by getting *final* results from *original* figures without recopying. If he thinks he can show you a worthwhile saving, give him a chance to prove it by actual test. Telephone your local Comptometer office, or write direct to us. Felt & Tarrant Mfg. Co., 1712 N. Paulina Street, Chicago, Illinois.



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LOW selling prices compel cost cutting at every step in production and distribution. But low prices are also your opportunity to replace the relatively slow or inefficient equipment which is a handicap in cutting costs to where they permit a fair profit.

Perhaps this country does suffer from excess of production capacity, at least in some lines; but there will always be room up front for the firm which can make a standard product or deliver a service at a lower cost than generally prevails among its competitors.

There is a limit to cutting here and slashing there at running expenses. With many firms the achievement of further cost reduction

now depends on a courageous decision to release orders for new, improved machinery and equipment. If every firm were to survey its equipment and draw up a list of just those pieces which it can't really afford to keep on using...and act!...the resulting orders would send equipment makers up to capacity operation and revivify business generally.

Sound purchases now need not impair working capital nor upset your plans for keeping liquid. C. I. T. Finance Service to the equipment seller enables him to offer appropriately long terms to responsible companies—terms which permit you to carry out payment while enjoying a competitive advantage from using the improved equipment.

COMMERCIAL INVESTMENT TRUST CORPORATION

Executive Offices: One Park Ave., New York

Subsidiary Operating Companies with Head Offices in New York ~ Chicago ~ San Francisco

Toronto, Canada ~ Also Completely Functioning Local Finance Offices in the Principal Cities

CAPITAL AND SURPLUS OVER \$80,000,000

BANKERS TO INDUSTRY EVERYWHERE



Things Talked about in Wall Street

By a Staff Writer of NATION'S BUSINESS

NEW YORK, OCTOBER 10

THE stock market, after a lively display of bullish enthusiasm in July, August and most of September, calmed down toward the end of that month and in the first part of October.

The fact is that few in the Wall Street district are eager for another "boom and bull" market with a speculative public buying anything and everything in the faith that whatever goes up needn't come down.

It is altogether probable that any signs of a runaway market would meet definite opposition from the members of the Exchange themselves. Their powers are not great nor are they very certain. After all, they are only brokers in securities, selling for the public what it wishes to sell and buying what it wishes to buy. Their major limitation is that they may buy or sell only those securities which have been accepted by their own organization as meeting certain standards.

The constitution of the Exchange requires that members "learn the essential facts relative to every customer" so that the broker should have knowledge on which to base his relations with the customer. In practice, members of the Exchange might do, and if the occasion arises may do, much to check, not a rise in prices, which is to be welcomed so long as it is based on sound reasons, but an unwise participation in a rising market by those whose idea is to "win a stake," to recoup losses of 1929 and '30—to do anything, in fact, but make an investment in securities whose prices will, they hope, show improvement with improving business.

THE Exchange as a body has done one thing for the betterment of the business methods of its members. The much-discussed and fictionized "customers' man," whose job was to bring in business, no matter whose, must nowadays meet certain standards other than an acquaintance and a low golf handicap. Brokerage houses are far more particular about the qualifications of these "contact" men than they were in '28 and '29. One newspaper recently said that under present conditions ability at

contract bridge was more important than ability at golf. It might be fairer to say that understanding of securities which they offer for sale is becoming more important than either.

RICHARD WHITNEY, president of the Stock Exchange, had something to say in his address at St. Louis on September 27 on the danger of overstimulating "public interest in buying and selling securities." Here are a few sentences:

We have prohibited members from using advertising or radio campaigns as a means of stimulating public interest in speculation. We have forbidden the payment of commissions to customers' men on speculative or margin accounts. We have imposed other restrictions upon customers' men. Before they can be employed by a member firm they must apply for approval to our Committee on Quotations and Commissions. Detailed information in regard to their past history is obtained, and complete records are kept to prevent any salesman who has been guilty of improper methods obtaining employment with members of the Exchange. The Exchange recognizes that in spite of all its efforts some customers' men have used their position to urge their clients to excessive speculation and have failed to live up to the standards established by the Exchange. Whenever abuses of this kind are discovered, we take steps not only to prevent their repetition but also, in so far as it lies in the power of the Exchange, to punish the offender.

Since Mr. Whitney made the speech, the Exchange has taken another step towards correcting abuses in pool manipulation by ruling that no specialist, no partner of a specialist, nor firm of which a specialist is a member can be interested in any pool transaction.

"THE place to start is at the bottom," many an ambitious youth is told. The Chase National Bank, which celebrated the fifty-fifth anniversary of its birth the other day, began somewhere near the bottom. It opened its doors in September, 1877, with the country about at the bottom of the great depression which followed the panic of 1873. John Thompson, its organizer, is quoted as saying, "Just the time to start a bank—any change must be for the better."

The Chase had deposits of about a

million in its first published statement. Now it has deposits of \$1,300,000,000.

LOW prices for commodities is another way of saying that money is high. If it takes 20 pounds of copper to buy a dollar then a dollar is costly, for less than 20 years ago it took only three pounds of copper to buy a dollar.

Looked at that way the dollar is costly. But there have been few times when the most responsible of borrowers, the Government, was paying so little for the use of money.

The Treasury issued \$100,665,000 of 91-day bills the other day. They were four times oversubscribed and sold at a price which made the average annual interest rate 0.23 per cent. As one financial writer put it: "A bank which purchased \$1,000 face amount of the bills paid therefor \$999.41 and will receive at the maturity of the issue 59 cents of interest."

CASTING around for something to worry about if Roosevelt were elected, some men in the financial district have re-read the Governor's Topeka speech on farm relief. Here were the sentences which aroused their interest:

In the first place, there is the necessity for the refinancing of farm mortgages to relieve the burden of excessive interest charges and the grim threat of foreclosure....

I am prepared to insist that federal credit be extended to banks, insurance or loan companies or other corporations or individuals which hold farm mortgages among their assets—but that these credits must be made on the condition that every reasonable assistance be given to the mortgagors where the loans are sound with the purpose of preventing foreclosure.

Lower interest rates and an extension of principal payments will save thousands of farms to their owners.

It was recalled that there are about nine billions in farm mortgages in this country and that there is due each year well over half a billion dollars in annual interest on them.

It was recalled also that the Frazier bill to refund farm mortgages was favorably reported at the last session by the Senate Agriculture Committee. That bill would let the farmer get from the

Be Right With the Babsonchart

In September,

1929, The Babson Organization, when everyone was bullish, forecast a heavy decline in stocks. Although this forecast was then ridiculed, subsequent events showed the truth of this forecast.

In July, 1932,

when everyone was bearish, we reasoned from the Babsonchart and stood almost alone in advising the purchase of commodities and securities, believing them to be good for a large advance in price.

Today—?

Babson's Reports

Div. 35-66, Babson Park, Mass.

Send me free copy of the famous

BABSONCHART

With Business and Investment
Outlook

Name

Address

Farm Loan Board money with which to pay off his loan and in turn give the board a mortgage at $1\frac{1}{2}$ per cent. Reserve banks would have to invest in bonds secured by these mortgages and if that didn't absorb them, the Reserve Board would have to issue notes against the remainder.

An inflationary scheme which never got very far but financiers could not but wonder what "lower interest rates and an extension of principal payments" might lead to.

A DEPRESSION such as we are now going through or, I hope, have gone through, is bound to mean the death of many companies. There were many plants in the United States which were about through when the war came, were revived by that tremendous event, managed to survive the short depression of 1920 and to thrive reasonably well since then. Now they are finding life too hard.

On the other hand, many new industries are being born in this time of hardship.

What happens is this: An established plant finds itself in a bad way. It is put on the market or is sold under foreclosure. Some new group buys it and starts manufacturing.

The advantage is that the newcomers start with a low invested capital because they bought the plant at a low price and were able to buy equipment and raw materials at present low prices.

A recently reported example is the entrance of Continental Motors into the automobile field. For years they have been making a well known automobile engine and parts.

Some months ago they bought the DeVaux-Hall Company for a ridiculously low price. Then they got hold of the Divco-Detroit Corporation, maker of trucks for retail milk routes, also at a low price, it is reported. They have made a modestly priced car and now plan one at a still lower price.

JUST the other day the receivers of the Jordan Motor Company asked the court's approval of their acceptance of an offer of \$150,000 for the plant exclusive of machinery. That will permit the payment of about 15 per cent to general creditors and wipe out stockholdings. It may also permit some new concern to undertake manufacture of whatever the plant is suited for with a great saving of capital investment.

THERE is much talk of "latent" buying power. Whenever a government loan

Reach the Southwest

Via "America's Port
of Quickest Dispatch"



The Port of Galveston is served by 69 steamship lines and five great railroad systems. Frequent coastwise service extends to east and west seaboard ports.

Galveston is a unit port—all activities under one control. The co-ordination of rail and water terminal facilities means dispatch in transferring cargo from one carrier to the other. Galveston is on the Gulf—vessels reach the open sea in shortest possible time.

Every modern facility is provided to insure efficient and dependable service. Concrete, sprinkler-protected warehouses keep shipments safe while in port.

Experienced traffic men welcome opportunity to help solve traffic problems. Write for "Shippers' Digest," official port publication, giving sailing dates and shipping news. Write the Chamber of Commerce, Galveston, Texas, or direct to the Galveston Wharf Company.



Ships come from every major port

Galveston's location and transportation facilities make it an economical Southwestern distributing and manufacturing point. Galveston's winter climate is ideal. Investigate.

**Port of
GALVESTON**

is oversubscribed five or seven times some one is apt to refer to the disappointed four-fifths or six-sevenths of those millions as "latent" buying power for everything from bonds to washing powders.

There is undoubtedly a great amount of money in this country looking for something to do. At one time it was money seeking a hiding place, afraid almost of a safe deposit box and questioning if it was safer under the bed. That stage of panic is passing. Money, however, is still timid. It is losing its shyness of banks, but it is still shy of most investments. When it ventured into the stock market it was ready to take a profit and scuttle out.

The owners of that money, cautious about their savings, doubtful about the future of their wages, their salaries or their incomes, undoubtedly represent "latent" buying power, but the dictionary tells us that "latent" means "lying hidden" and that buying power is not going to stop lying hidden until it feels much safer in the open than now.

The real buying power will come from increased employment, increased wages and certainty of employment. When those factors obtain, we shall see business not just "start up" but march up.

NATIONAL Distillers Products Corporation passed its cash dividend the other day after having declared a "whiskey dividend" in the shape of warehouse warrants for whiskey to be delivered when the law allows.

The idea opens up great possibilities. General Motors, if it decided to add to its cash holdings, might declare a dividend of a Chevrolet to the holder of so many shares and a Buick to the holder of so many more shares.

American Woolen might issue for each five or ten shares of stock enough cloth to make even a bloated stockholder a suit of clothes.

But it would be a problem for American Locomotive!

Anyway, stockholders of Distillers haven't got their whiskey yet.

CANADA is undertaking to eliminate wasteful competition between its two great railroad systems, the Canadian Pacific and the Canadian National, and to eliminate politics from the latter.

Meanwhile, the heads of the eastern railroads in the United States announce that they have agreed on consolidations into four great systems.

What becomes of our long vaunted theory that "competition is the life of

SERVING A CROSS SECTION OF AMERICA



Cameras and Clothing
Rochester, New York



Hosiery
Reading, Pennsylvania



Iron and Steel
Johnstown, Pa.



Boots and Shoes
Binghamton, N. Y.



Washing Machines
Bloomington, Ill.



Gas Stoves
Portsmouth, Ohio



Locomotives, Erie, Pa.

● Cameras and candy, clothing and shoes, electrical machinery and locomotives—these products represent only a few of the 285 industries served by the Associated System.

Geographical areas served are as varied as the industries they contain. Twenty-six states and more than 3,000 communities are numbered.

If business is dull in some areas, the Associated System has others upon which to rely. If all industry averages below normal, there are 1,189,466 domestic customers whose use of electric and gas services continues. Associated homes used 6.8% more electricity in 1931 than in 1930, and 6.4% more during the first half of 1932 than during the same period last year.

For information about facilities, service, rates, write

ASSOCIATED GAS & ELECTRIC SYSTEM

61 Broadway



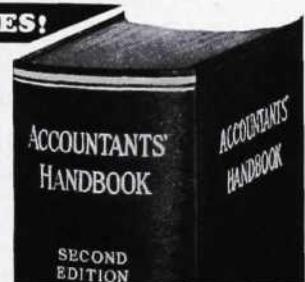
New York City

ACCOUNTANTS! BUSINESS EXECUTIVES!

Here is what you want—

the New 1932 Edition of the famous

Accountants' Handbook



WHETHER you work on the accounts yourself or use them in business management, the new Accountants' Handbook is the first place to go for help on accounting questions in your business day.

In this great book you will find the information you need to handle any situation you may meet—everyday or emergency—from simple bookkeeping to higher accounting.

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Concentrated in its 1873 pages is material equivalent to fully 4500 of ordinary size, or 10 large volumes. Tables, rules, definitions, and formulas abound. 60-page index, with over 7,000 references, leads you at once to any item. Durable, flexible binding and patent unbreakable back insure you years of service.

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Manufacturing Costs; Distribution Costs; Standard Costs; Systems; Machine Methods; Public Accounting; Fiduciary Accounting; Business Law; Mathematical Methods and Tables; Principles of Double-Entry.

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Send me postpaid the new Second Edition of the Accountants' Handbook. Within five days after its receipt, I will either send \$7.50 in full payment or return the book to you.

Check here if you prefer to make three monthly payments of \$2.50 each.

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(please print)
Firm _____
Business Address _____
City _____ State _____



Service to Your Business Based on Experience

LONG and extensive experience in serving important organizations in every major line of American industry places this Bank in an advantageous position to serve your business.

Some of the Facilities Available to Our Commercial Customers:

- Complete domestic banking service.
- Complete international banking service.
- The advantage of ample resources.
- The personal service of experienced officers.
- Complete trust facilities.
- Our private wires in the United States.
- Our eight complete offices in Europe.
- Credit information, domestic and foreign.

Guaranty Trust Company of New York

140 Broadway

FIFTH AVENUE at 44TH STREET

LONDON PARIS BRUSSELS

MADISON AVENUE at 60TH STREET

LIVERPOOL HAVRE ANTWERP

trade"? Was the principle of the Sherman and Clayton Acts all wrong?

IN HUNTING for bright spots, one needn't overlook the reports of the United States Building and Loan League. They say that:

1. New money is coming up.
2. Instalment loans are being paid off more promptly.
3. Many instalment buyers of homes are adding to their building and loan holdings.

On the Business Bookshelf

AN INTERESTING pamphlet of some 90 pages is the "Chain Store Manual,"¹ published by the National Chain Store Association. Though chain stores are not new, their great importance in retailing is comparatively new. And they have received a great deal of criticism.

The "Chain Store Manual" tells a brief story of the chain store movement, the advantages and disadvantages of chain stores, and refutes some of the charges often made against them.

One charge against chains most likely to arouse sentiment is that they drive independents out of business; yet proportionately, the number of retailers who go out of business each year is about the same as before the chains were of any importance. As to the monopolistic tendencies of the chains, if all chains were under one management, they would have the smaller part of our retailing business; or, even if there were no independents, the chains would still have strong competition with each other; then it is obvious that, with the independents doing most of the business, and the chains competing with each other, no chain approaches monopoly.

ERWIN, Wasey & Company have compiled the information disclosed in the 1930 census of distribution.² Sales in 370 major city markets and in all states are given both by the principal retail outlets and as a whole.

¹Chain Store Manual, by John P. Nichols. National Chain Store Association, New York.

²The Major Retail Markets of The United States. Erwin, Wasey & Company, Inc., New York.

It's hard for a Hungry citizen



to be a Good C I T I Z E N

THE boy whose stomach is empty cannot be expected to do good work at school. Babies undernourished through another winter may be handicapped by frail bodies through life. The hungry father of a hungry family is hardly the man to seek employment with persistence, or to do well on the job when he gets it.

Before you can save a man's soul it is often necessary to feed his body. You have no right to expect the civic virtues of patience, courage and honesty from starving, freezing men and women. If they preserve a just attitude towards the laws of the city in which they live, it is a miracle.

This winter, as never before, it is the duty of all who are well-clad, well-housed, and well-fed to help the less fortunate. The fact that you gave last year, and the year before, does not lessen your responsibility. The fact that you cannot afford a large contribution must not deter you. The upturn of business with a gradual improvement of economic conditions does not remove the crisis of this moment. Emergency appropriations by the federal government amount to \$300,000,000, but they meet only half the increased national needs for human relief.

The rest is up to you!

How will your dollars be used? First of all, they will feed the hungry, and relieve the absolute want of the unemployed.

They will be used, also, to take care of the sick and aged. They will help to maintain hospitals, orphanages and schools. They will make possible clinics and visiting nurses.

The dollars you give are invested in the forces of civilization right in your community!

WELFARE AND RELIEF MOBILIZATION, 1932

The Welfare and relief Mobilization for 1932 is a cooperative national program to reinforce local fund-raising for human welfare and relief needs. No national fund is being raised; each community is making provisions for its own people; each community will have full control of the money it obtains.

Give through your established welfare and relief organizations, through your community chest, or through your local emergency relief committee.

Newton D. Baker

Newton D. Baker, Chairman, National Citizens' Committee

This winter, as never before, support your local Community Campaign

DISCOVERED "SECRET" OF PIPE SATISFACTION TEN YEARS AGO

TEN years ago Mr. J. Franz Norgren of Madison, South Dakota, was still engaged in the search well known to every pipe smoker—the search for the ideal tobacco. Then one day his seeking was rewarded. He found it at last in Edgeworth! For some time he believed he had stumbled upon a "secret." But as the years passed he met up with the "little blue tin" with increasing frequency. Mr. Norgren's letter tells the story of his discovery.

Madison, South Dakota,
December 25, 1931
Larus & Bro. Co.,
Richmond, Va.
Dear Sirs:

Today, Christmas Day, I received a half-pound of Edgeworth from a friend. That's a real gift! Ten years' intimate acquaintance with this excellent tobacco only intensifies my approval of a friend's good judgment.

When I first smoked Edgeworth, I thought I had discovered a secret. I had no idea before how satisfactory a fine blend could be. I came to look upon a good pipe packed with Edgeworth as a point of distinction wherever I might be. My observations since have upheld my theory. I meet up with the little blue tin with ever-increasing frequency.

Living in the country, a fellow gets to be particular about tobacco. To my mind, Edgeworth is the one tobacco that shows up best in any circumstances. At work or at leisure, there's no pal that comes up as cheerfully and that lends itself so perfectly to the moods of man and nature as another pipe of Edgeworth.

The point is, though, Edgeworth isn't the secret I thought it was. It's out—such things don't stay secret when you have friends.

Very truly yours,
J. Franz Norgren.

Are you one who has never known the genuine satisfaction of a good pipe and good tobacco?

Then take up your pen right now and drop a line to Larus & Brother Co. at 119 S. 22d St., Richmond, Va., and ask for a free sample packet of Edgeworth Smoking Tobacco. Edgeworth is a *different tobacco*. It is cool and slow-burning. Its blend of choice burleys with the natural savor sealed in cannot be matched—regardless of price or fancy packaging. Put Edgeworth in your pipe and smoke it.

You can buy Edgeworth in two forms—Edgeworth Ready-Rubbed and Edgeworth Plug Slice. All sizes from 15-cent pocket packages to pound humidor tins. Several sizes also come in vacuum sealed tins. Don't miss the Edgeworth radio program—the Corn Cob Pipe Club of Virginia—broadcast over the Coast to Coast Red Network of the National Broadcasting Company every Wednesday evening at 10 o'clock, Eastern Standard time.



CTHIS is one of a series of editorials written by leading business men on the general subject of advertising

Money Can Come Only From the Pay Envelope

PLANT opens to fill immediate rush orders!"

That has been the tenor of much of the good news that has filtered through the press to the public the last few weeks. An upward trend has begun and with the manufacturers of America lies the power to give this upturn real force and meaning.

Today's condition, in brief, is this: The inventories upon which business has been existing are now at rock bottom. In some places there is a real shortage of finished goods. A check of recent reports shows inventories at the lowest point in ten years.

Not only is the manufacturer affected by this shortage—the wholesaler, the retailer, and the home feel the pinch.

The merchant cannot be expected to buy great quantities of merchandise in advance when his customers are strapped for money and many have no jobs. The worker's meagre earnings have dwindled alarmingly in the last two years. He is at the bottom of his savings account. Before he buys, he must begin to earn.

Forward-looking corporations, among them United States Steel, Sherwin-Williams and American Radiator, have encouraged business leaders by announcing purchases of large quantities of materials and equipment.

The next important forward step will be made when leading industries get together and boost their employment and pay rolls for a 60-day period.

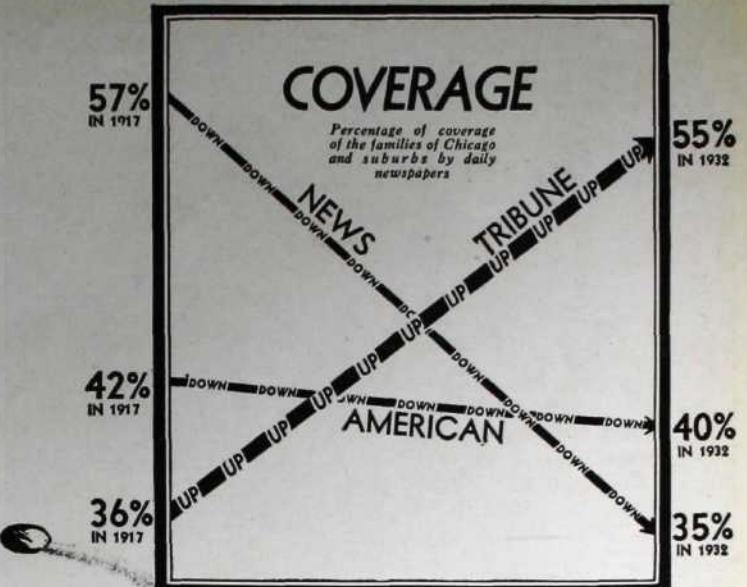
The action of a few can do little. Concerted effort by many manufacturers will do a great deal. Resources and credit are now available to reopen plants. Before winter, the uptrend must be turned into a solid revival. But nothing short of nation-wide action will serve.

J. H. RAND JR., President
Remington Rand Inc.

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NEVER UP--NEVER IN!

THE sweetest putter in the world will never sink your ball unless you put enough punch behind it. You can measure the distance to the cup and worry about the lie, but if you don't hit hard enough—well, it's just another stroke on your card.

Advertising is like that. You can figure out copy slants, debate layouts and headlines, but if you don't reach enough people in a market you hardly start a ripple in it.

Because they were asleep at the switch during the past 15 years while the population of Chicago and suburbs increased by 409,541 families—55%—some Chicago newspapers make a virtue out of failure.

No one stays small by choice! Every newspaper in Chicago has made strenuous efforts to get circulation. But to get it and to hold it—you've got to print the news the public wants.

The Tribune is the *only* Chicago newspaper that reaches every other family in the city and suburbs. It has 36 per cent more daily circulation in this community than any other newspaper. It reaches practically as many readers as any two other Chicago newspapers combined.

It is the *only publication that has the coverage*, that packs the power to build the sales volume available in this market—and needed by advertisers today.

You just can't get the *volume* you want with advertising media that

reach only a fragment of purchasing power and that don't have enough reader interest to sell themselves in their own markets.

Never was the superior ability of the Tribune to produce sales volume for advertisers more evident than today. During the past 15 years, while every other Chicago newspaper published in 1917 was slipping, the Tribune steadily forged ahead, penetrating and saturating every level of family life.

The Tribune *increased* its daily coverage of the families of Chicago and suburbs from 36 per cent in 1917 to 55 per cent in 1932. The Daily News *dropped* from 57 per cent cov-

erage to 35 per cent. The American *dropped* from 42 per cent coverage to 40 per cent. Other papers in existence in 1917 either lost ground, merged or failed.

The Tribune is the most popular newspaper in Chicago and suburbs. It is constantly increasing the preference of readers because it is constantly increasing its service to them. As the newspaper which has made the most out of market possibilities it does the best job for advertisers.

Ask a Tribune salesman for further facts and about the new discounts which enable advertisers to buy more space to get more sales in Chicago and suburbs.

Families and Daily Newspaper Circulations in Metropolitan Chicago

1917			1932	
	Number	Coverage	Number	Coverage
Families	748,136	...	1,157,677	...
Tribune	270,810	36%	634,778	55%
American	313,800	42%	467,648	40%
News	428,746	57%	404,917	35%

Note: Circulations are averages for six months' periods, ended March 31

1917 was a memorable year! It marked America's entrance into the war and the beginning of sweeping changes in ideas, institutions, habits.

In 1917 the Tribune reached 36% of metropolitan Chicago's 748,136 families. It was third in volume of daily city and suburban circulation. Today it is first.

Fifteen years brought a 55% increase in families and a gain of 134% in Tribune circulation. Today the Tribune reaches 55% of the families in this great market—gain of 53% in density of coverage—while every other Chicago daily newspaper published in 1917 slipped, merged, or went out of business.

Chicago Tribune

THE WORLD'S GREATEST NEWSPAPER

FIRST IN CIRCULATION—FIRST IN ADVERTISING—FIRST IN RESULTS

Chicago Tribune Offices: Chicago, Tribune Tower; New York, 220 E. 42nd St.; Atlanta, 1825 Rhodes-Haverty Bldg.; Boston, 718 Chamber of Commerce Bldg.; San Francisco, 820 Kohl Bldg.



"Here, dear— YOU open it"

How long would you stick to a brand of shaving cream that was a downright nuisance each time you opened or closed the tube? By the same token, how long will a woman put up with the product you sell if its package hinders rather than helps its use?

A handy container is oil on the wheels of selling. A pesky one is sand in the gear-box. And getting the right kind, avoiding the wrong kind, is a matter of having the container built by those who know merchandising as well as can-making—a company which thinks in terms of what the *consumer* needs and wants.

The American Can Company has had notable success in building good-will containers. Some of the improvements have been obvious, some revolutionary. But the point is that by fitting the package to the home-use of the product, the products have rung the bell.

If you even vaguely suspect that a nuisance-package is holding back the sales of your product, the time to set things right is now. And the place to set them right is at the Canco office near you, where years of consumer-experience can be put to work for greater sales.

AMERICAN
CAN COMPANY

230 PARK AVENUE
NEW YORK CITY

CANCO

S A L E S C H A R T

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18

Long Distance helps refrigerator company increase sales for 18 months consecutively



In one country-wide drive, Norge Corporation sells five trainloads, valued at \$1,500,000

CERTAIN COMPANIES today are forging steadily ahead. Almost invariably, they are consistent users of Long Distance. They find it an effective and economical way of meeting changed conditions . . . increased use of the service resulting not only in stimulated business but in lowered general costs as well.

The use of Long Distance by the Norge Corporation is typical of that made by other successful companies, large and small. "Today, more than ever, we frankly recognize the value of Long Distance," says Howard E. Blood, President of the Company. "The savings it effects, and the results it achieves, make it one of our most profitable business tools."

"For example, one country-wide drive, which was conducted largely by Long Distance, resulted in the sale of five trainloads of refrigerators, valued at \$1,500,000. We recently reported the eighteenth consecutive monthly increase in sales, and for the first half of 1932 our volume of business was substantially the same as for the entire

year of 1931. Unquestionably, this reflects our consistent use of that most expedient tool, the telephone."

Almost constant telephone contact is maintained between headquarters of the company in Detroit, district managers at various points, and distributors and salesmen throughout the country. Executives cover the country in minutes, without leaving their desks. Through frequent and consistent use of Long Distance, they transact business at large savings in time and money.

Best results are obtained from the *planned* use of Long Distance. Let a representative of your local Bell Company develop a complete telephone plan for your company.

LONG DISTANCE RATES ARE LOW

Typical Station-to-Station Rates

From	To	Daytime	7:00 P.M.	8:30 P.M.
Detroit	Cleveland	\$.60	\$.50	\$.35
Boston	New York	1.00	.85	.60
Atlanta	Chicago	2.35	1.95	1.30
Los Angeles	Denver	3.25	2.65	1.75
St. Louis	Seattle	6.50	5.25	3.75

Where the charge is 50¢ or more, federal tax applies

JUST CALL YOUR BELL



TELEPHONE BUSINESS OFFICE



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In this High-pressure Age smokers want a Milder Cigarette

WE LIVE in a fast-moving age. We work harder . . . play harder . . . travel quicker. And we smoke quite a lot more cigarettes.

But there's this about it: They have got to be milder today. In this high-pressure age, smokers don't like strong cigarettes. That's plain.

About four miles of warehouses are filled with mild, ripe Domestic tobaccos, stored away to age for two years to make them mild and mellow for CHESTERFIELD Cigarettes.

To make sure that CHESTERFIELD is a milder cigarette, the greater part of 90 million dollars is

invested in the tobaccos used in CHESTERFIELD. These tobaccos are "Cross-Blended."

This "Welding" together—or "Cross-Blending"—permits every kind of tobacco used in the CHESTERFIELD blend to partake of the best qualities of every other type. Burbank used the same principle in crossing different fruits to make a still better fruit.

CHESTERFIELDS are milder . . . never harsh . . . and that's why, in this high-pressure age, more smokers, both men and women, are changing to CHESTERFIELDS every day.